



EX LIBRIS
UNIVERSITATIS
ALBERTÆNSIS



Digitized by the Internet Archive
in 2017 with funding from
University of Alberta Libraries

https://archive.org/details/publicaccounts01albe_12



A L B E R T A .
A L B E R T A T R E A S U R Y

P U B L I C A C C O U N T S

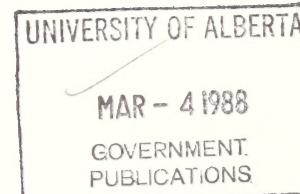
1986-87

V.1-2

CNA
AL
T
P71
1986-87
Vol. I

GOVERNMENT
PUBLICATIONS

Public Accounts 1986-87 Volume I



**Public Accounts
1986-87
Volume I**



To Her Honour
W. H. Hunley
Lieutenant Governor of Alberta

May it Please Your Honour

The undersigned has the honour to present the Public Accounts of Alberta for the year ended March 31, 1987, in accordance with the requirements of the Financial Administration Act.

Dick Johnston
Provincial Treasurer

Edmonton, December 2, 1987

To the Honourable Dick Johnston
Provincial Treasurer

Sir:

In accordance with the provisions of section 77 of the Financial Administration Act, we have the honour to transmit herewith the Public Accounts of Alberta for the year ended March 31, 1987 to be laid by you before the Legislative Assembly.

The Public Accounts are presented in two volumes:

Volume I contains financial statements and the reports of the Auditor General thereon, including

1. Consolidated financial statements of the Province of Alberta,
2. Financial statements of the General Revenue Fund,
3. Financial statements and schedules of revolving funds, regulated funds, Provincial agencies and trust funds administered by the Government.

Volume II contains details of expenditure and revenue by department and statements and reports that are required to be included with the Public Accounts in accordance with the Financial Administration Act and other statutes.

In addition to the Public Accounts, a report presenting details of expenditure by payee is provided as supplementary information.

Respectfully submitted

A. D. O'Brien
Deputy Provincial Treasurer
Management and Control

M.H. Mylod, C.A.
Acting Controller

Alberta Treasury
Edmonton, December 2, 1987

VOLUME I

TABLE OF CONTENTS

Section	
1.	Consolidated Financial Statements of the Province of Alberta
2.	Financial Statements of the General Revenue Fund
3.	Financial Statements of Revolving Funds
4.	Financial Statements of Regulated Funds excluding Trust Funds
5.	Financial Statements of Provincial Corporations
6.	Financial Statements of Provincial Committees
7.	Financial Statements of Commercial Enterprises
8.	Financial Statements of Trust Funds administered by the Government
9.	Alphabetical Index of Funds and Agencies

SECTION 1

1986-87 PUBLIC ACCOUNTS

CONSOLIDATED FINANCIAL STATEMENTS OF THE PROVINCE OF ALBERTA

Contents:

Statement No.

		Page
	Introduction	1.2
	Report of the Auditor General	1.3
1.1	Consolidated Statement of Reported Assets, Liabilities and Net Assets	1.4
1.2	Consolidated Statement of Revenue and Expenditure	1.5
1.3	Consolidated Statement of Changes in Financial Position	1.6
	Notes to the Consolidated Financial Statements	1.7
	Schedules to the Consolidated Financial Statements	1.11

Schedule No.

1.1	Cash and Marketable Securities	1.11
1.2	Portfolio Investments	1.12
1.3	Long-term Investments	1.12
1.4	Equity in Commercial Enterprises	1.13
1.5	Loans and Advances	1.13
1.6	Unmatured Debt	1.14
1.7	Restricted Profits and Equity	1.14
1.8	Revenue	1.15
1.9	Expenditure by Object	1.15
1.10	Operating and Capital Expenditure by Major Function	1.16
1.11	Details of Guarantees	1.17
1.12	Trust Funds under Administration	1.18

CONSOLIDATED FINANCIAL STATEMENTS
OF THE PROVINCE OF ALBERTA
FOR THE YEAR ENDED MARCH 31, 1987

Introduction:

The financial statements in this section are consolidations of the financial statements of the General Revenue Fund, revolving funds, regulated funds, Provincial corporations, Provincial committees and commercial enterprises for which separate financial statements or summaries are presented in sections 2 to 7 inclusive.

The following corporations are excluded from the definition of Provincial corporation and are exempted from all other provisions of the Financial Administration Act except section 2, which provides the exemption, and section 81 respecting the approval of borrowing by the Provincial Treasurer. Accordingly their accounts are excluded from the Public Accounts and the consolidated financial statements.

- (a) The board of a university under the Universities Act
- (b) The interim governing body of a university under the Universities Act
- (c) The board of a public college under the Colleges Act
- (d) The Governors of the Banff Centre for Continuing Education
- (e) The board of a technical institute under the Technical Institutes Act
- (f) The interim governing authority of a technical institute under the Technical Institutes Act
- (g) The Alberta Heritage Foundation for Medical Research
- (h) The board of management of a Provincial General Hospital under the Provincial General Hospitals Act
- (i) A mental health hospital board under the Mental Health Act
- (j) The Alberta Cancer Board, and
- (k) The University Hospitals Board under the University of Alberta Hospitals Act

The methods of consolidation are described in the Accounting Policy note that forms part of the financial statements.

These comprehensive statements are presented to disclose the economic impact of the Government and the state of its finances in a manner that will assist in assessment of these matters.

PROVINCE OF ALBERTA

PROVINCE OF ALBERTA
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report

Consolidated Statement of Reported Assets, Liabilities and Net Assets
Consolidated Statement of Revenue and Expenditure
Consolidated Statement of Changes in Financial Position
Notes to the Consolidated Financial Statements
Schedules to the Consolidated Financial Statements

AUDITOR'S REPORT

To the Members of the
Legislative Assembly

I have examined the consolidated statement of reported assets, liabilities and net assets of the Province of Alberta as at March 31, 1987 and the consolidated statements of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Province of Alberta as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 1 to the consolidated financial statements applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
November 6, 1987

PROVINCE OF ALBERTA
 CONSOLIDATED STATEMENT OF REPORTED ASSETS,
 LIABILITIES AND NET ASSETS
 MARCH 31, 1987

Schedule No.		In thousands	
		1987	1986
ASSETS			
1.1	Cash and marketable securities	\$ 2,315,082	\$ 3,360,443
	Accounts receivable	1,304,661	1,632,011
1.2	Portfolio investments	5,815,584	5,183,854
1.3	Long-term investments	824,873	735,491
1.4	Equity in commercial enterprises	1,414,863	1,539,916
1.5	Loans and advances	9,833,145	8,335,431
	Real estate held for rental and resale	218,848	202,323
		<u>\$21,727,056</u>	<u>\$20,989,469</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
	Accounts and loans payable	\$ 1,414,584	\$ 1,702,637
	Unearned revenue and suspense	64,096	56,880
1.6	Unmatured debt	7,622,322	3,175,157
		<u>9,101,002</u>	<u>4,934,674</u>
1.7	Restricted profits and equity	4,063,048	3,461,448
Net Assets:			
	Net assets at beginning of year	12,593,347	12,633,978
	Net expenditure - Statement No. 1.2	4,030,341	40,631
	Net assets at end of year	8,563,006	12,593,347
		<u>\$21,727,056</u>	<u>\$20,989,469</u>
1.11	Guarantees	\$ 637,753	\$ 524,988
1.12	Trust funds under administration	<u>\$ 1,688,219</u>	<u>\$ 1,559,354</u>

The accompanying notes are part of these financial statements.

PROVINCE OF ALBERTA
CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987

	In thousands	
	<u>1987</u>	<u>1986</u>
Revenue:		
Taxes	\$ 2,626,598	\$ 2,851,759
Non-renewable resource revenue	1,891,843	4,932,034
Payments from Government of Canada	1,642,499	1,742,048
Fees, permits and licences	520,036	586,719
Trading profits	203,030	276,032
Investment income	1,964,656	2,160,661
Other revenue	<u>214,095</u>	<u>208,195</u>
	<u>9,062,757</u>	<u>12,757,448</u>
Expenditure:		
Health	3,184,465	2,958,003
Education	2,670,478	2,544,437
Social services	1,277,332	1,155,525
Regional planning and development	799,583	726,777
Housing	137,727	100,326
Recreation and culture	229,750	241,525
Environment	193,551	168,910
Resource conservation and economic development	1,682,569	1,983,312
Transportation and utilities	1,397,710	1,495,908
Protection of persons and property	446,171	407,602
General government	<u>843,642</u>	<u>658,029</u>
	<u>12,862,978</u>	<u>12,440,354</u>
Valuation adjustments	<u>230,120</u>	<u>357,725</u>
	<u>13,093,098</u>	<u>12,798,079</u>
Net expenditure	<u><u>\$ 4,030,341</u></u>	<u><u>\$ 40,631</u></u>

PROVINCE OF ALBERTA
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

	In thousands	
	1987	1986
Operating transactions:		
Net expenditure	\$4,030,341	\$ 40,631
Non-cash items:		
Net gain on disposals of investments	61,205	153,532
Amortization of deferred realized gains and losses on investments	12,839	6,451
Amortization of deferred unrealized exchange gains and losses on debt payable in United States dollars	9,764	(909)
Provision for doubtful accounts and loans	(210,729)	(131,440)
Gains and losses retained by commercial enterprises	(121,270)	(50,309)
Amortization of discount and premium on investments and debt, net	(34,838)	22,038
Write-off and write-down of investments and provision for decline in market value	(29,155)	(207,866)
Decrease in payables	288,053	587,794
Restricted profits and equity	(601,600)	(545,745)
Decrease in receivables	(311,223)	(830,077)
Unearned revenue and suspense	(7,216)	10,025
Cash applied to (provided by) operating transactions	3,086,171	(945,875)
Investing transactions:		
Investments:		
Portfolio investments	2,117,408	1,756,354
Long-term investments	235,599	291,909
Loans and advances	2,248,003	518,950
Real estate held for rental and resale, net	16,525	139,882
Proceeds from disposals, repayments and redemptions of investments:		
Portfolio investments	(1,523,097)	(1,458,758)
Long-term investments	(136,217)	(313,312)
Equity in commercial enterprises, net	(3,783)	(117,143)
Repayment of loans and advances	(555,686)	(543,891)
Deferred realized gains and losses on investments	(42,845)	(15,991)
Cash applied to investing transactions	2,355,907	258,000
Financing transactions:		
Debt retirement	9,415,991	2,395,841
Debt issues	(13,812,708)	(1,924,313)
Cash applied to (provided by) financing transactions	(4,396,717)	471,528
Decrease (increase) in cash and marketable securities	1,045,361	(216,347)
Cash and marketable securities at beginning of year	3,360,443	3,144,096
Cash and marketable securities at end of year	\$2,315,082	\$3,360,443

**PROVINCE OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987**

Note 1 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies:

(a) **Reporting entity**

These financial statements include the accounts of the following entities which are reported separately in this volume in the section indicated:

(i) The General Revenue Fund	Section 2
(ii) Revolving Funds	Section 3
(iii) Regulated Funds	Section 4
(iv) Provincial Corporations	Section 5
(v) Provincial Committees	Section 6
(vi) Commercial Enterprises	Section 7

Under the Financial Administration Act, Alberta Energy Company Ltd., in which the Province holds 37% of the voting shares, does not come under the definition of Provincial corporation. The Province's investment in that company is included in long-term investments at cost. Housing authorities incorporated under section 42 of the Alberta Mortgage and Housing Corporation Act, the Credit Union Stabilization Corporation established under section 90 of the Credit Union Act, a board of a hospital district appointed by an order under section 8 of the Hospitals Act and new towns incorporated under section 5 of the New Towns Act are excluded from the definition of Provincial corporation. Accordingly the accounts of housing authorities, the Credit Union Stabilization Corporation, the hospital district boards and new towns are not included in the consolidated financial statements.

The following corporations are excluded from the definition of Provincial corporation and are exempted from all other provisions of the Financial Administration Act except section 2, which provides the exemption, and section 81 respecting the approval of borrowing by the Provincial Treasurer. Accordingly their accounts are excluded from the Public Accounts and the consolidated financial statements.

- (a) The board of a university under the Universities Act
- (b) The interim governing body of a university under the Universities Act.
- (c) The board of a public college under the Colleges Act
- (d) The Governors of the Banff Centre for Continuing Education
- (e) The board of a technical institute under the Technical Institutes Act
- (f) The interim governing authority of a technical institute under the Technical Institutes Act.
- (g) The Alberta Heritage Foundation for Medical Research
- (h) The board of management of a Provincial General Hospital under the Provincial General Hospitals Act
- (i) A mental health hospital board under the Mental Health Act
- (j) The Alberta Cancer Board, and
- (k) The University Hospitals Board under the University of Alberta Hospitals Act

(b) **Method of consolidation**

The accounts of revolving funds, regulated funds, Provincial corporations, except those designated as commercial enterprises, and Provincial committees are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Inter fund, corporation and committee revenue and expenditure transactions, investing and financing transactions, and related asset and liability accounts have been eliminated.

The accounts of commercial enterprises are recorded on an equity basis, the equity being computed in accordance with generally accepted accounting practices applicable to those enterprises.

The reporting period of eight of the Provincial corporations is for the year ended December 31, 1986. Where the transactions of those corporations significantly affect the consolidation, they have been restated to March 31, 1987.

(c) Basis of financial reporting

Revenues

Revenues are reported on an accrual basis except for net personal and corporate income taxes which are reported on a cash basis. Non-renewable resource revenue includes an estimate of revenue receivable from certain categories of resource royalty payers as well as various adjustments applicable to prior years. As the need for adjustment of this revenue is identified in future years, the adjustment will be reflected in revenue of those years.

Expenditures

Expenditures represent the cost of goods and services acquired during the year and expenditures made or accrued in accordance with the conditions of approved grant programs, including capital acquisitions, expenditures on capital programs and grants for capital purposes.

Pension costs are reported on a current contributions basis and no provision is made for actuarial estimates of additional annual costs.

No provision is made for accrued employee vacation entitlements, sick leave and long term disability benefits.

Reported Assets and Liabilities

Reported assets are limited to financial claims on outside organizations and individuals and real estate held for rental and resale at the year end. Because income taxes are reported on a cash basis, net personal and corporate income taxes receivable are not reported.

Liabilities include all financial claims payable by the Province at the year end. No provision is made for actuarial estimates of liabilities in respect of the present or future benefits payable under Pension Plan Acts with benefits directly chargeable to or guaranteed by the Province, other than the amount included in restricted profits and equity (Schedule 1.7). No provision is made for accrued employee vacation entitlements, sick leave and long term disability benefits, amounts payable under the Alberta Income Tax Act, the Alberta Corporate Income Tax Act, commitments under construction or other contracts and agreements at the year end, including capital equipment leases.

Marketable securities are temporary investments; they are valued at cost or market value, whichever is lower, on an aggregate basis.

Portfolio investments are investments that are required to meet specific future obligations or to provide income over a long period.

Bonds, bond coupons and residuals, mid-term money market securities and mortgages included in portfolio investments are carried at cost adjusted for deferred unamortized realized gains and losses. Realized gains and losses on disposals of these investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

Common shares, preferred shares, warrants, pooled equity trust units and energy fund units included in portfolio investments are carried at cost. Real estate is carried at the lower of cost and appraised value. Realized gains and losses on disposals of these investments are included in the determination of net expenditure.

Long-term investments are those that are intended to be held as long term assets; they are recorded at cost.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Real estate held for rental and resale is valued at the lower of cost and net realizable value.

Debentures included in unmatured debt are recorded at the face amount of the issue less unamortized discount, which includes issue expenses, and sinking fund assets. Sinking fund investments are carried on the same valuation basis as portfolio investments, at cost or adjusted cost. Treasury bills and promissory notes are recorded at issue principal less unamortized discount, where applicable.

Restricted profits and equity refers to the profits and equity of a Provincial corporation and a regulated fund included in the consolidated financial statements which are restricted by legislation and are therefore excluded from net assets of the Province.

Each asset, liability, revenue or expenditure arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.

Cash, term deposits, accounts receivable, accounts payable and debenture debt denominated in foreign currency are translated at the rate of exchange in effect at the balance sheet date.

Gains and losses arising from the translation of foreign currencies are included in the determination of net expenditure, except that unrealized exchange gains or losses relating to hedged assets are deferred, and unrealized exchange gains and losses relating to unmatured debt are deferred and amortized over the remaining term of the debt.

Consistent with the reporting of capital acquisitions as expenditure, fixed assets are not reported.

PROVINCE OF ALBERTA

Note 2 Pension Liabilities and Commitments

The Pension Fund is a regulated fund established for the purpose of assisting the Government to meet its liability under guarantees of pensions under the six pension plans administered by the Government. The Pension Fund balance in restricted profits and equity at March 31, 1987 amounted to \$3,517,128,000 (1986 - \$3,030,101,000).

Actuarial valuations of these pension plans were carried out at March 31, 1985 and estimated accrued liabilities were as undernoted.

Local Authorities Pension Act	\$2,684,007,000
M.L.A. Pension Act	30,215,000
Public Service Management Pension Act	904,734,000
Public Service Pension Act	1,654,033,000
Special Forces Pension Act	389,281,000
Universities Academic Pension Act	780,944,000
Total liability	6,443,214,000
Less Pension Fund balance included in restricted profits and equity at March 31, 1985	<u>2,563,435,000</u>
Unfunded accrued liability	<u>\$3,879,779,000</u>

The above figures were estimated by calculating the present value, at March 31, 1985, of benefits that accrued in respect of service to that date. The valuations were based on a common set of economic assumptions, including rate of salary increases due to inflation, interest rates and rates of discretionary cost of living increases for present and future retired members. Some of the demographic assumptions used in estimating the above liabilities, including termination, retirement, and salary increases due to promotion and merit, varied from plan to plan according to the particular characteristics of each plan.

Under provisions of the Teachers' Retirement Fund Act, payment of all benefits is guaranteed by the Province of Alberta. An actuarial valuation at August 31, 1986 indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately \$2,138,000,000 to meet the liabilities of the fund. The actuarial valuation was based on a different set of assumptions to those used for the above Pension Acts. A separate actuarial valuation at August 31, 1986 based on the same economic assumptions and actuarial cost method as used for the above Pension Acts indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately \$2,585,000,000 to meet the liabilities of the fund. When preparing the latter valuation, the consulting actuary estimated that the unfunded accrued liability would amount to approximately \$2,745,000,000 at March 31, 1987.

The Province of Alberta has an obligation to pay from the General Revenue Fund to the Workers' Compensation Board the costs of additional amounts of compensation for permanent total disability or permanent partial disability in respect of accidents which occurred prior to January 1, 1974. The Board determined that the actuarial liability arising from those increases amounted to approximately \$208,000,000 at March 31, 1987.

Prior to April 1, 1986, all costs incurred by the Workers' Compensation Board relative to work-related accidents to provincial employees were reimbursed by the Province of Alberta. From that date the Province has been assessed premiums based on its salaries, job classifications and experience. The Board determined that the actuarial liability arising from those accidents which occurred prior to April 1, 1986 amounted to approximately \$38,000,000 at March 31, 1987.

Note 3 Contingent Liabilities

The Province has a contingent liability in respect of a statement of claim issued on February 19, 1982. The plaintiffs are the members of the Lubicon Lake Band and the Cree Community of Little Buffalo Lake. The defendants are the Province of Alberta and a number of oil companies. The plaintiffs claim entitlement to at least 60 square miles of land in Northwestern Alberta as a reserve. They are also claiming \$700,000,000 in lieu of royalties and revenues, or alternatively a reserve of 60 square miles including mines and minerals together with \$200,000,000 damages, and interest on all amounts.

The Province has a contingent liability in respect of a statement of claim filed by eight Metis Settlement Associations. On February 2, 1977 it was contended that the Province had received approximately \$30,000,000 from the sale, lease or rental, royalties and fees from the petroleum and natural gas rights on certain lands and that the Associations were entitled to the aforesaid monies as well as all monies thereafter accruing from these petroleum and natural gas rights.

The Province also has a contingent liability in respect of five other native land or mineral rights claims in which the amounts claimed are unspecified.

At March 31, 1987 the Province was named as defendant in various legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately \$194,258,000. Potential claims amount to approximately \$6,295,000.

The resulting loss, if any, from these claims and potential claims cannot be determined.

The Province has a contingent liability to return to Indian Bands its share of oil export tax relating to the period October 1, 1973 to March 31, 1974 in respect of oil production from Indian lands. The Province is committed to return its share of oil export tax, which amounts to approximately \$4,650,000, if the federal government makes a similar decision in respect of its share.

On April 24, 1985 representatives of the City of Edmonton and the Government of Alberta signed a Memorandum of Understanding which established an Arbitration Committee to hold hearings to "develop or select a practical toll-sharing formula for the sharing of toll revenues generated in the City of Edmonton".

On February 28, 1987, the Arbitration Committee released its decision outlining a basis for toll revenue sharing which is effective January 1, 1985. Under the Committee's formula 'edmonton telephones' will receive \$10,226,060 for the first three months of 1985 out of toll revenues generated in the City of Edmonton. On an annualized basis this would amount to an estimated \$43,175,169 for 1985.

This amount will be reduced by \$15,631,334 already paid by the Province under existing agreements, thus leaving an additional amount of \$27,543,835 to be paid to 'edmonton telephones' for 1985. The Committee stated that the amounts payable under the formula in subsequent years "may be of the like order, depending upon various factors".

In management's opinion, the effect of this additional liability of \$27,543,835 on the revenue of the Province will be reduced by amounts claimable in revenue settlements with other members of Telecom Canada, and by other potential administrative costs. Due to the timing of the Arbitration Committee's decision and the complexities involved in establishing these amounts, the net impact on the revenue of the Province for 1986 and 1987 cannot be reasonably estimated at this time. Accordingly, these financial statements have not been adjusted to reflect the Arbitration Committee's decision.

Details of guarantees are shown in Schedule 1.11.

No provision has been made in the consolidated financial statements for contingent liabilities resulting from litigation and guarantees.

Note 4 Segmented Information

Segmented information on net expenditure (revenue) is as follows:

	1987	1986
General Revenue Fund	\$3,440,409,000	\$458,201,000
Alberta Capital Fund	256,402,000	—
Alberta Heritage Savings		
Trust Fund	4,652,000	(424,375,000)
Other regulated funds	5,877,000	3,735,000
Provincial agencies	203,404,000	(48,536,000)
Commercial enterprises	<u>119,597,000</u>	<u>51,606,000</u>
	<u>\$4,030,341,000</u>	<u>\$ 40,631,000</u>

The above figures are before elimination of inter-entity transactions but after adjustments necessary to bring the reporting entities to the same basis of accounting as described in Note 1(c).

Note 5 Exploratory Drilling Assistance Credits

During the year ended March 31, 1987 the Minister of Energy established exploratory drilling assistance credits amounting to \$216,999,000 that may be applied in satisfaction of royalty owing to the Crown in respect of petroleum or natural gas recovered after March 31, 1987. No provision has been made in the financial statements for exploratory drilling assistance credits as they can only be applied against the payment of royalty accruing after March 31, 1987.

Note 6 Subsequent Event

In June 1987, the Province issued approximately \$900,000,000 of Alberta Capital Bonds at par. The net proceeds were used in part by the Province to retire certain outstanding short-term debt amounting to \$267,000,000. The balance of the net proceeds was used to finance capital construction projects and general operations in the 1987-88 fiscal year.

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by the Deputy Provincial Treasurer - Management and Control and the Acting Controller.

PROVINCE OF ALBERTA

Schedule 1.1

PROVINCE OF ALBERTA
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

CASH AND MARKETABLE SECURITIES

	In thousands			
	1987		1986	
	Book Value	Market Value	Book Value	Market Value
Bonds:				
Government of Canada, direct and guaranteed	\$ 23,858	\$ 24,825	\$ 35,767	\$ 36,436
Provincial, direct and guaranteed	5,358	5,510	65,260	63,829
Board of Governors of the University of Alberta	4,991	5,056	5,047	5,070
Municipalities, school and hospital boards	2,548	2,158	3,077	2,613
Corporate	7,269	7,292	8,932	8,898
Bond coupons and residuals:				
Government of Canada, direct	12,271	12,494	74,196	74,156
Mid-term money market securities:				
Promissory notes	5,915	9,915	21,970	21,952
Certificates of deposit and guaranteed investment certificates	4,399	4,428	3,000	3,035
Mortgages	—	—	9,183	10,112
Common shares	5,412	5,452	5,169	5,166
	<u>72,021</u>	<u>77,130</u>	<u>231,601</u>	<u>231,267</u>
Short-term money market securities (a):				
Treasury bills	679,836	679,836	1,366,322	1,366,322
Bankers' acceptances	401,185	401,185	189,099	189,099
Promissory notes	134,884	134,884	264,799	264,799
Deposit receipts	119,558	119,558	234,378	234,378
Certificates of deposit and guaranteed investment certificates	60,716	60,716	151,312	151,312
Bearer deposit notes	11,868	11,868	85,239	85,239
	<u>1,408,047</u>	<u>1,408,047</u>	<u>2,291,149</u>	<u>2,291,149</u>
Royalty oil (b)	<u>78,722</u>	<u>78,722</u>	<u>14,817</u>	<u>14,817</u>
Cash:				
Cash in bank and in transit	107,255	107,255	(48,902)	(48,902)
Deposits in the Consolidated Cash Investment Trust Fund	649,037	649,037	872,112	872,112
	<u>756,292</u>	<u>756,292</u>	<u>823,210</u>	<u>823,210</u>
	<u>\$2,315,082</u>	<u>\$2,320,191</u>	<u>\$3,360,777</u>	<u>\$3,360,443</u>

(a) The market value of short-term money market securities is estimated to approximate cost.

(b) Represents the net realizable value of the Crown's royalty share of oil in pipelines at the year end.

PORTFOLIO INVESTMENTS

	In thousands			
	1987		1986	
	Book Value	Market Value	Book Value	Market Value
Bonds:				
Government of Canada, direct and guaranteed	\$1,660,817	\$1,855,553	\$1,527,448	\$1,731,069
Provincial, direct and guaranteed	2,171,009	2,422,543	1,984,893	2,195,592
Municipal	3,382	3,548	460	497
Corporate	358,405	368,131	284,661	298,071
Corporate, convertible	19,662	20,556	31,670	31,464
Mid-term money market securities:				
Promissory notes	63,180	65,496	68,719	76,087
Certificates of deposit and guaranteed investment certificates	16,700	18,282	3,517	3,581
Mortgages	117,452	137,644	74,620	89,770
Bond coupons and residuals:				
Government of Canada, direct	244,399	254,143	284,013	296,507
Deferred unamortized realized gains and losses	(66,336)	—	(36,139)	—
	4,588,670	5,145,896	4,223,862	4,722,638
Common shares, preferred shares, warrants and pooled equity trust units	1,111,186	1,813,821	876,948	1,336,209
Real estate	114,257	114,257	81,626	81,626
Energy fund units	1,471	1,253	1,418	1,413
	<u>\$5,815,584</u>	<u>\$7,075,227</u>	<u>\$5,183,854</u>	<u>\$6,141,886</u>

LONG-TERM INVESTMENTS

	In thousands	
	1987	1986
Corporate debentures:		
Vencap Equities Alberta Ltd., participating debenture	\$199,997	\$199,998
General Systems Research Ltd., non-interest bearing participating debenture	—	2,500
Preferred shares:		
Sturdi-Wood Inc. Class B	25,200	4,600
Chembimed Ltd.	11,269	3,369
General Systems Research Ltd., Class A	7,500	—
Global Thermoelectric Power Systems Ltd.	3,808	3,809
Native Venture Capital Co. Ltd., Class A	1,980	1,980
Myrias Research Corporation	1,578	1,578
Norstar Instruments Ltd., series A	1,000	600
Teknica Resource Development Ltd., Class X	1,000	—
D & S Knowledge Systems Inc., Class G	234	—
Common shares:		
Alberta Energy Company Ltd.	87,346	55,708
Tomotechnology Inc., Class A	625	—
Native Venture Capital Co. Ltd., Class A	10	10
Native Venture Capital Co. Ltd., Class B	10	10
Pacific Western Airlines Corporation	—	2,734
Venture equity:		
Participation in Syncrude Project	483,316	458,595
	<u>\$824,873</u>	<u>\$735,491</u>

PROVINCE OF ALBERTA

Schedule 1.4

EQUITY IN COMMERCIAL ENTERPRISES

	Alberta Intermodal Services Ltd.	Alberta Liquor Control Board	Alberta Terminals Ltd.	The Alberta General Insurance Company	The Alberta Government Telephones Commission	The Workers' Compensation Board	Treasury Branches Deposits Fund	Total	
								1987	1986
Adjusted unremitted earnings (deficit) - cumulative	\$ (1,863)	\$ 21,434	\$ 2,749	\$ 438	\$ 173,818	\$ (289,656)	\$ (118,142)	\$ (211,222)	\$ (89,968)
General reserves	—	138,000	—	29	—	—	—	138,029	138,045
Investments by consolidated entities:									
Common shares	20,000	—	17,528	—	—	—	—	37,528	37,528
Bonds and debentures	—	—	—	—	1,358,510	—	—	1,358,510	1,497,890
Loans and advances	—	—	—	—	109,635	—	—	109,635	—
	<u>18,137</u>	<u>159,434</u>	<u>20,277</u>	<u>467</u>	<u>1,641,963</u>	<u>(289,656)</u>	<u>(118,142)</u>	<u>1,432,480</u>	<u>1,583,495</u>
Less:									
Net investment of commercial enterprises in debt of consolidated entities	—	—	—	—	—	17,617	—	17,617	18,579
Loans to consolidated entities	—	—	—	—	—	—	—	—	25,000
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,617</u>	<u>—</u>	<u>17,617</u>	<u>43,579</u>
Total - 1987	<u>\$ 18,137</u>	<u>\$ 159,434</u>	<u>\$ 20,277</u>	<u>\$ 467</u>	<u>\$ 1,641,963</u>	<u>\$ (307,273)</u>	<u>\$ (118,142)</u>	<u>\$ 1,414,863</u>	
Total - 1986	<u>\$ 20,378</u>	<u>\$ 151,225</u>	<u>\$ 19,709</u>	<u>\$ (93)</u>	<u>\$ 1,607,169</u>	<u>\$ (146,283)</u>	<u>\$ (112,189)</u>		<u>\$ 1,539,916</u>

Schedule 1.5

LOANS AND ADVANCES

	In thousands	1987	1986
Loans and advances made under the authority of:			
Alberta Municipal Financing Corporation Act	\$ 5,063,602	\$ 4,966,577	
Alberta Mortgage and Housing Corporation Act	2,333,308	2,467,718	
Farm Credit Stability Fund Act	1,122,373	—	
Agricultural Development Act	1,018,314	1,011,988	
Small Business Term Assistance Fund Act	500,793	—	
Alberta Opportunity Fund Act	146,656	146,992	
Credit Union Act	130,708	93,107	
Rural Electrification Revolving Fund Act and Rural Electrification Long Term Financing Act	58,704	52,823	
Financial Administration Act	49,118	34,826	
Municipal Land Loans Act	13,053	14,523	
Hail and Crop Insurance Act	4,133	2,627	
Department of Transportation Act	3,573	3,667	
Motion Picture Development Act	2,689	2,192	
Students Finance Act	257	273	
Cemeteries Act	85	85	
Historical Resources Act	24	28	
Public Trustee Act	24	24	
Homestead Lease Loan Act	5	4	
Miscellaneous	3	3	
	<u>10,447,422</u>	<u>8,797,457</u>	
Implemented guarantees made under the authority of:			
Students Finance Act	15,885	11,725	
Agricultural Development Act	8,451	8,766	
Department of Agriculture Act	1,559	2,184	
Co-operative Marketing Associations and Rural Utilities Guarantee Act	1,483	19	
Feeder Associations Guarantee Act	722	772	
Agricultural Societies Act	194	212	
	<u>28,294</u>	<u>23,678</u>	
Judgement debts	<u>797</u>	<u>939</u>	
	<u>10,476,513</u>	<u>8,822,074</u>	
Less: Allowance for doubtful loans, advances, implemented guarantees and judgement debts	<u>643,368</u>	<u>486,643</u>	
	<u>\$ 9,833,145</u>	<u>\$ 8,335,431</u>	

UNMATURED DEBT

	Gross Debt	In thousands				Net Debt	
		Less		Net Debt applied to reduce Equity in Commercial Enterprises			
		Sinking Funds Net (a)	Debt held by Consolidated Entities (b)	1987	1986		
Debt Issued by:							
Alberta Municipal Financing Corporation	\$ 5,924,290	\$ 1,170,027	\$ 1,476,644	\$ 9,820	\$ 3,267,799	\$ 2,994,168	
General Revenue Fund	3,403,756	170,352	18,465	1,805	3,213,134	68,6	
Farm Credit Stability Fund	1,141,859	—	733,949	—	407,910		
Small Business Term Assistance Fund	504,708	—	232,768	—	271,940		
Alberta Capital Fund	240,297	—	14,654	—	225,643		
Alberta Mortgage and Housing Corporation	3,826,618	—	3,694,640	—	131,978	141,7	
Alberta Provincial Corporation Loan Fund	118,651	—	—	—	118,651	1,7	
Alberta Resources Railway Corporation	78,440	39,733	53,440	—	(14,733)	(31,0)	
Alberta Agricultural Development Corporation	1,003,760	—	1,003,760	—	—		
Alberta Opportunity Company	155,600	—	155,600	—	—		
	\$16,397,979	\$ 1,380,112	\$ 7,383,920	\$ 11,625	\$ 7,622,322	\$ 3,175,1	

(a) Includes provision for exchange on debt payable in United States funds and deferred unamortized exchange gains and losses.

(b) Includes deferred unamortized realized gains \$2,272,000 (1986 - \$7,149,000) and adjustments for inter fund holdings \$79,255,000 (1986 - \$45,310,000).

RESTRICTED PROFITS AND EQUITY

		In thousands	
		1987	1986
Profits and equity restricted by:			
Pension Fund Act:			
Equity (a)		\$3,517,128	\$3,030,101
Alberta Municipal Financing Corporation Act:			
Profits (b)		545,901	431,329
Equity (c)		19	18
		\$4,063,048	\$3,461,448

- (a) Represents partial funding of liabilities under the Local Authorities Pension Plan Act, Members of the Legislative Assembly Pension Plan Act, Public Service Management Pension Plan Act, Public Service Pension Plan Act, Special Forces Pension Plan Act and Universities Academic Pension Plan Act. Details of the most recent actuarial valuations of the total liability of the Province under the six pension plans are provided in Note 2.
- (b) Refers to a portion of Alberta Municipal Financing Corporation's shareholders' equity which is excluded from net assets of the Province. Under the Alberta Municipal Financing Corporation Act, the Alberta Municipal Financing Corporation has "the power to pay from time to time, as a rebate of interest, any profits of the corporation to shareholders of the corporation that have borrowed moneys from the corporation or sold debentures of their own issue to the corporation, proportionately as such shareholders made use of the facilities of the corporation over the period in which any such profits were derived".
- (c) Represents the cost of common shares held by municipalities, counties, cities, towns, school districts and divisions and hospital boards.

PROVINCE OF ALBERTA

Schedule 1.8

REVENUE

	In thousands	
	1987	1986
Taxes:		
Personal income tax	\$ 1,768,092	\$ 1,521,228
Corporate income tax	321,483	711,162
Other	<u>537,023</u>	<u>619,369</u>
	<u>2,626,598</u>	<u>2,851,759</u>
Non-Renewable Resource Revenue:		
Royalties, rentals and fees, bonuses and sales of Crown leases	2,486,126	5,387,005
Drilling, well servicing and geophysical incentives	(169,157)	(44,192)
Royalty tax credit	<u>(425,126)</u>	<u>(410,779)</u>
	<u>1,891,843</u>	<u>4,932,034</u>
Payments from Government of Canada:		
Canada assistance plan	416,712	379,961
Hospital insurance	349,345	362,374
Utility companies income tax transfers	220,008	215,974
Post-secondary education	200,207	206,032
Crop insurance and reinsurance	72,299	177,292
Health care insurance	115,049	116,186
Extended health care	106,308	98,970
Other	<u>162,571</u>	<u>185,259</u>
	<u>1,642,499</u>	<u>1,742,048</u>
Fees, Permits and Licences	<u>520,036</u>	<u>586,719</u>
Trading Profits	<u>203,030</u>	<u>276,032</u>
Investment Income	<u>1,964,656</u>	<u>2,160,661</u>
Other	<u>214,095</u>	<u>208,195</u>
	<u><u>\$9,062,757</u></u>	<u><u>\$12,757,448</u></u>

Schedule 1.9

EXPENDITURE BY OBJECT

	In thousands	
	1987	1986
Salaries, wages, employment contracts and benefits	\$ 1,367,762	\$ 1,336,561
Travel and communication	157,853	158,277
Services	1,477,793	1,263,547
Materials and supplies	260,885	327,584
Grants to individuals, business and other levels of government	8,659,284	8,666,213
Purchase of fixed assets	262,679	202,716
Interest	660,102	467,400
Valuation adjustments	230,120	357,725
Other expenses	<u>16,620</u>	<u>18,056</u>
	<u><u>\$13,093,098</u></u>	<u><u>\$12,798,079</u></u>

OPERATING AND CAPITAL EXPENDITURE BY MAJOR FUNCTION

	In thousands Expenditure		
	Operating	Capital	Total
Health:			
1987	\$ 2,884,309	\$ 300,156	\$ 3,184,465
1986	2,639,041	318,962	2,958,003
Education:			
1987	2,474,883	195,595	2,670,478
1986	2,345,904	198,533	2,544,437
Social Services:			
1987	1,275,883	1,449	1,277,332
1986	1,153,762	1,763	1,155,525
Regional Planning and Development:			
1987	776,883	22,700	799,583
1986	721,305	5,472	726,777
Housing:			
1987	36,282	101,445	137,727
1986	58,554	41,772	100,326
Recreation and Culture:			
1987	148,372	81,378	229,750
1986	149,872	91,653	241,525
Environment:			
1987	63,132	130,419	193,551
1986	64,135	104,775	168,910
Resource Conservation and Economic Development:			
1987	1,588,947	93,622	1,682,569
1986	1,886,140	97,172	1,983,312
Transportation and Utilities:			
1987	582,689	815,021	1,397,710
1986	701,809	794,099	1,495,908
Protection of Persons and Property:			
1987	442,243	3,928	446,171
1986	399,388	8,214	407,602
General Government:			
1987	582,744	260,898	843,642
1986	431,559	226,470	658,029
Valuation Adjustments:			
1987	230,120	—	230,120
1986	357,725	—	357,725
Total Expenditure:			
1987	\$11,086,487	\$ 2,006,611	\$13,093,098
1986	\$10,909,194	\$ 1,888,885	\$12,798,079

PROVINCE OF ALBERTA

Schedule 1.11

DETAILS OF GUARANTEES

	In thousands	
	1987	1986
Guaranteed Debentures (Note 1)		
AEC Power Limited (Note 2(b))	\$237,584	\$210,139
Vencap Equities Alberta Ltd.	<u>40,000</u>	<u>40,000</u>
	<u>277,584</u>	<u>250,139</u>
Guaranteed Bank and Credit		
Union Loans (Note 1)		
Students Loan Guarantee Act	102,267	96,138
Agricultural Development Act	63,803	72,202
Farm Credit Stability Fund Act	62,992	—
Small Business Term Assistance Fund Act	60,904	—
Agricultural Societies Act	20,926	22,515
Export program	4,904	2,561
Time Air Limited	4,500	4,500
Feeder associations	3,632	1,906
Small grain dealers program	3,520	3,450
Rural utilities loans	2,271	2,507
Edmonton Space Sciences Foundation	1,150	1,383
Farm implement dealers program	1,078	726
Alberta Opportunity Fund Act	815	1,490
Department of Culture Act	697	700
Irrigation Act	400	—
Regional Planning Commissions	236	270
Alberta School Trustees' Association Act	55	164
Pine Creek Marine Ltd.	32	—
Government Emergency Guarantee Act	2	100
AEC Power Limited	—	34,994
Co-operative marketing associations	—	1,537
Southern Frontier Air Transport Ltd. and Southern Frontier Leasing Company Ltd.	—	1,023
Alberta livestock loans	—	7
Dreco Energy Services Ltd.	—	7
	<u>334,184</u>	<u>248,180</u>
Other Guarantees (Note 1)		
Federal Loans:		
Agricultural Societies Act	17,002	17,484
Mortgage Loans:		
University of Alberta	2,686	2,731
Banff Centre for Continuing Education	2,284	2,403
University of Lethbridge	2,203	2,214
University of Calgary	1,810	1,837
	<u>25,985</u>	<u>26,669</u>
Grand Total (Note 2)	<u>\$637,753</u>	<u>\$524,988</u>

- Note 1 Guarantees include principal borrowings only and exclude guaranteed interest, the amount of which is not determinable.
- Note 2 This amount excludes:
- Any liability under:
 - the Local Authorities Pension Plan Act, the Members of the Legislative Assembly Pension Plan Act, the Public Service Management Pension Plan Act, the Public Service Pension Plan Act, the Special Forces Pension Plan Act, the Teachers' Retirement Fund Act and the Universities Academic Pension Plan Act
 - the long term disability income continuance plan
 - the international aid program
 - the Workers' Compensation Act.
 - Any obligations of the Province relative to the Syncrude project other than the guarantee of \$237,584,000 included in the preceding summary.
 - Any liability:
 - (1) under an agreement with the Credit Union Stabilization Corporation to indemnify and fund interest to the extent necessary on notes given by a subsidiary of the Corporation in exchange for up to \$350,000,000 in properties purchased from credit unions, and on \$335,000,000 of debentures issued by a subsidiary of the Corporation to credit unions in exchange for stabilization preferred shares of the credit unions.
 - (2) under an agreement with the Canada Deposit Insurance Corporation to indemnify the Corporation for loss occurring by reason of its obligation to make payment in respect of any deposit insured by a policy of deposit insurance issued to North West Trust Company, in consideration of which the Corporation paid an amount of \$277,801,000 to North West Trust Company, evidenced by a non-interest bearing promissory note endorsed to Treasury Branches without recourse to the Corporation.
 - (3) under an agreement to indemnify North West Trust Company for any loss in the event any of the payment or performance obligations of a company jointly owned by the Province and Treasury Branches are not paid or performed. The company was established to finance the purchase of mortgages and real estate from North West Trust Company and Heritage Savings and Trust Company, the operations of which were acquired by North West Trust Company. The main obligations of the company that are covered by the indemnity consist of a note payable to North West Trust Company in the amount of \$62,851,000 and a commitment to purchase up to an additional \$50,000,000 of certain assets of North West Trust Company, subject to the consent of the Province.
 - (4) under the Federal Provincial Employment Loans Program, 1971, whereby the Province guaranteed federal loans to municipalities made to finance the acceleration or enlargement of certain capital development projects with the object of stimulating growth in employment, particularly during the winter months. The estimated total of guaranteed loans outstanding under the program at March 31, 1987 was \$2,737,000 (1986 - \$3,081,000).
 - (5) of the Province under its guarantee that the contractual obligations of Rocky Mountain Life Insurance Company to the Company's policy holders will be met. At December 31, 1986 the excess of liabilities, excluding amounts due to the Province, over assets of Rocky Mountain Life Insurance Company was \$37,315,000 (1985 - \$2,418,000).
 - (6) for future claims on the Alberta General Insurance Company as a result of insurance business transacted to October 31, 1984 when the Company ceased active business operations.
 - (7) under section 27(6) of the Public Trustee Act which provides that the Province guarantees that the common fund together with the special reserve fund will be sufficient for the purpose of paying lawful claims that are payable out of the common fund. For the year ended December 31, 1986 the two funds earned \$342,000 less than distributions and administration costs of \$16,563,000 (1985 - \$1,659,000 in excess of distributions and administration costs of \$13,536,000). At December 31, 1986 the total retained earnings of the two funds together amounted to \$14,962,000 (1985 - \$15,304,000).
 - Any potential liability of the Treasury Branches Deposits Fund under guarantees and letters of credit which amounted to \$350,456,000 at March 31, 1987 (1986 - \$389,838,000).

TRUST FUNDS UNDER ADMINISTRATION

	In thousands	
	1987	1986
The Alberta Government Telephones Employees' Pension and Death Benefit Fund and Group Life Insurance Trust Account	\$ 692,392	\$ 590,861
Teachers' Retirement Fund	404,222	366,846
Public Trustee	217,700	199,473
Improvement Districts' Trust Account	154,170	151,003
Special Areas Trust Account	47,116	44,984
General Trust Account	34,462	53,699
Payroll Deductions Trust Account	33,210	30,404
Hospitals and Nursing Homes Construction Accounts	27,819	45,300
Various Courts and Sheriffs' Offices	26,839	31,179
Miscellaneous trust funds	50,289	45,605
	<u>\$1,688,219</u>	<u>\$1,559,354</u>

SECTION 2

1986-87 PUBLIC ACCOUNTS

GENERAL REVENUE FUND - FINANCIAL STATEMENTS

Contents:

Statement No.		Page
	Introduction	2.2
	Report of the Auditor General	2.3
2.1	Statement of Reported Assets, Liabilities and Net Debt	2.4
2.2	Statement of Budgetary Revenue and Expenditure	2.5
2.3	Statement of Changes in Financial Position	2.6
	Notes to the Financial Statements	2.7
	Schedules to the Financial Statements	2.10
Schedule No.		
2.1	Cash and Marketable Securities	2.10
2.2	Accounts Receivable	2.10
2.3	Long-term Investments	2.11
2.4	Loans and Advances to Government Enterprises	2.11
2.5	Loans and Advances - Other	2.12
2.6	Accounts and Loans Payable	2.12
2.7	Unearned Revenue and Suspense	2.13
2.8	Unmatured Debt	2.13
2.9	Provincial Sinking Fund	2.14
2.10	Budgetary Revenue	2.14
2.11	Budgetary Expenditure by Department	2.16
2.12	Operating and Capital Expenditure	2.17
2.13	Expenditure by Program and Object	2.22
2.14	Details of Expenditure by Object	2.26
2.15	Budgetary Expenditure - Valuation Adjustments	2.30
2.16	Net Transfer to the Pension Fund	2.30
2.17	Details of Guarantees	2.31

GENERAL REVENUE FUND - FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

Introduction:

Section 19(1) of the Financial Administration Act provides that "There shall be one General Revenue Fund to be appropriated to the public service of Alberta into which all public money shall be paid except

- (a) money over which the Legislature has no power of appropriation, and
- (b) money that is otherwise specially disposed of by this or any other Act".

Public money over which the Legislature has no power of appropriation is money paid in trust to the Province to be used for the purposes prescribed by the payer or settlor. Money otherwise specially disposed of by legislation represents fees or other revenues directed by legislation to be paid into a regulated fund to be used for special purposes. All other public money is paid into the General Revenue Fund.

Expenditures are made from the General Revenue Fund on the authority of supply votes approved by the Legislature, including special warrants ordered by the Lieutenant Governor in Council which are deemed to be supply votes. These expenditures are reported in the General Revenue Fund financial statements as budgetary expenditure - voted appropriations.

Expenditure may be made from the General Revenue Fund on the authority of legislation which may direct the transfer of revenue to another fund, shown in the financial statements as a reduction of budgetary revenue; or which directs certain types of expenditure which are disclosed as budgetary expenditure -statutory appropriations.

The term "Budgetary" is used to describe revenue or expenditure that affects General Revenue Fund "Net Debt". Non-budgetary transactions affect financial claims or liabilities recorded in the General Revenue Fund Statement of Reported Assets, Liabilities and Net Debt but do not change the "Net Debt" or deficit position.

GENERAL REVENUE FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report

Statement of Reported Assets, Liabilities and Net Debt
Statement of Budgetary Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedules to the Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the statement of reported assets, liabilities and net debt of the General Revenue Fund of the Province of Alberta as at March 31, 1987 and the statements of budgetary revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the General Revenue Fund of the Province of Alberta as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
October 30, 1987

GENERAL REVENUE FUND
 STATEMENT OF REPORTED ASSETS,
 LIABILITIES AND NET DEBT
 MARCH 31, 1987

Schedule No.		In thousands	
		1987	1986
ASSETS			
2.1	Cash and marketable securities	\$ 198,664	\$ 555,921
2.2	Accounts receivable	579,049	699,269
2.3	Long-term investments	92,673	60,031
2.4	Loans and advances to government enterprises	359,442	502,316
2.5	Loans and advances - other	84,445	98,914
		<u>\$1,314,273</u>	<u>\$1,916,451</u>
LIABILITIES AND NET DEBT			
Liabilities:			
2.6	Accounts and loans payable	\$ 678,780	\$ 943,323
2.7	Unearned revenue and suspense	36,740	41,850
2.8	Unmatured debt	3,232,429	124,545
		<u>3,947,949</u>	<u>1,109,718</u>
Net Debt:			
	Net assets at beginning of year	806,733	1,264,934
	Budgetary deficit - Statement No. 2.2	3,440,409	458,201
	Net debt (assets) at end of year	2,633,676	(806,733)
		<u>\$1,314,273</u>	<u>\$1,916,451</u>
2.17	Guarantees	<u>\$ 735,899</u>	<u>\$ 467,123</u>

The accompanying notes are part of these financial statements.

GENERAL REVENUE FUND

Statement No. 2.2

GENERAL REVENUE FUND
STATEMENT OF BUDGETARY REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987

	In thousands		
	1987		1986 Actual
	Budget (a)	Actual	
Budgetary revenue:			
General revenue:			
Taxes	\$ 2,717,000	\$ 2,351,252	\$ 2,573,046
Non-renewable resource revenue	2,243,000	1,385,746	3,644,021
Payments from Government of Canada	1,154,000	1,234,194	1,231,708
Fees, permits and licences	189,000	183,178	185,576
Trading profits	331,000	327,197	324,218
Other revenue	214,000	241,796	247,827
	6,848,000	5,723,363	8,206,396
Heritage Fund investment income	1,460,000	1,444,906	1,666,863
	8,308,000	7,168,269	9,873,259
Budgetary expenditure:			
Health	2,618,780	2,600,434	2,572,034
Education	2,478,943	2,472,089	2,369,903
Social services	1,218,809	1,277,332	1,155,525
Regional planning and development	310,243	287,167	272,963
Housing	271,093	240,075	260,491
Recreation and culture	197,332	188,304	177,867
Environment	163,739	130,096	113,797
Resource conservation and economic development	1,232,292	1,023,043	1,001,684
Transportation and utilities	1,026,821	1,001,649	1,068,756
Protection of persons and property	438,568	440,256	402,033
General government	722,129	676,429	617,568
Debt servicing costs	203,000	184,912	35,782
	10,881,749	10,521,786	10,048,403
Voted appropriations	10,573,013	10,269,801	9,974,684
Statutory appropriations	308,736	251,985	73,719
	10,881,749	10,521,786	10,048,403
Valuation adjustments	50,000	86,892	283,057
	10,931,749	10,608,678	10,331,460
Budgetary deficit	\$ 2,623,749	\$ 3,440,409	\$ 458,201

(a) Budgetary expenditure - voted appropriations includes estimates of \$3,034,000 and supplementary estimates of \$125,000,000 not included in the 1986 Budget Address Update.

GENERAL REVENUE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

	In thousands		
	1987		1986 Actual
	Budget	Actual	
Operating transactions:			
Budgetary deficit	\$ 2,623,749	\$ 3,440,409	\$ 458,201
Add (deduct) non-cash items:			
Amortization of discount on investments and debt, net	—	(81,284)	360
Amortization of deferred realized gains and losses on sinking fund investments	—	190	83
Earnings (loss) on investments valued at equity	—	(1,673)	1,297
Amortization of deferred unrealized exchange gains and losses on debt payable in United States dollars	—	7,480	(909)
Increase in provision for doubtful accounts and loans	(50,000)	(84,363)	(41,049)
Write-off of long-term investments	—	(10,000)	(203,107)
Decrease in receivables	—	(104,093)	(305,122)
Decrease (increase) in payables	—	264,543	(21,661)
Decrease in unearned revenue and suspense	—	5,110	7,388
Cash applied to (provided by) operating transactions	<u>2,573,749</u>	<u>3,436,319</u>	<u>(104,519)</u>
Investing transactions:			
Purchase of long-term investments	29,686	45,759	105,653
Loans and advances:			
Government enterprises	90,750	80,232	227,373
Other	23,510	94,092	103,013
Disposals, repayments and redemptions of long-term investments	—	(1,444)	(64)
Repayments of loans and advances:			
Government enterprises	(56,374)	(223,467)	(82,711)
Other	(4,209)	(39,964)	(3,469)
Cash applied to (provided by) investing transactions	<u>83,363</u>	<u>(44,792)</u>	<u>349,795</u>
Financing transactions:			
Issue of:			
Debentures	—	(691,700)	—
Treasury bills	—	(2,401,260)	—
Promissory notes	—	(7,621,478)	(969,841)
Notes payable in United States dollars	—	(1,532,281)	—
Debt retirement:			
Redemption of:			
Treasury bills	—	1,800,000	239,427
Promissory notes	—	7,249,700	990,980
Notes payable in United States dollars	—	199,692	—
Sinking fund	—	15,531	15,140
Deferred realized gains/losses on sinking fund investments	—	(639)	(849)
Deferred unrealized gains and losses on debt payable in United States dollars	—	(51,835)	—
Cash applied to (provided by) financing transactions	<u>—</u>	<u>(3,034,270)</u>	<u>274,857</u>
Decrease in cash and marketable securities	<u>\$ 2,657,112</u>	<u>\$ 357,257</u>	<u>\$ 520,133</u>

GENERAL REVENUE FUND

**GENERAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987**

Note 1 Authority

The General Revenue Fund operates under the authority of section 19 of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies:

(a) Reporting entity

The reporting entity is the General Revenue Fund. Activities of Provincial agencies and regulated funds are reported only to the extent of advances made from or repaid to the General Revenue Fund, contributions from the General Revenue Fund to cover expenses or operating deficits and repayments of contributions in excess of current requirements. Financial claims of and on revolving funds are included in the General Revenue Fund statements and the net funds required to finance revolving fund operations have been charged to budgetary expenditure.

(b) Basis of financial reporting**Revenues**

Budgetary revenues are reported on an accrual basis except for net personal and corporate income taxes which are reported on a cash basis. Non-renewable resource revenue includes an estimate of revenue receivable from certain categories of resource royalty payers as well as various adjustments applicable to prior years. As the need for adjustment of this revenue is identified in future years, the adjustment will be reflected in revenue of those years.

Expenditures

Expenditures represent the cost of goods and services acquired during the year and expenditures made or accrued in accordance with the conditions of approved grant programs, including capital acquisitions, expenditures on capital programs and grants for capital purposes.

Pension costs are reported on a current contributions basis and no provision is made for actuarial estimates of additional annual costs.

No provision is made for accrued employee vacation entitlements, sick leave and long term disability benefits.

Reported assets and liabilities

Reported assets are limited to financial claims due to the General Revenue Fund and revolving funds as a result of events and transactions prior to March 31, 1987 except that net personal and corporate income taxes receivable are not reported.

Liabilities include all financial claims payable by the General Revenue Fund and revolving funds at March 31, 1987. No provision is made for actuarial estimates of liabilities in respect of the present or future benefits payable under Pension Plan Acts with benefits directly chargeable to or guaranteed by the Province, accrued employee vacation entitlements, sick leave and long term disability benefits, amounts payable under the Alberta Income Tax Act, the Alberta Corporate Income Tax Act, commitments under construction or other contracts and agreements at the year end, including capital equipment leases.

Marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis.

Long-term investments are recorded at cost, except for investments in wholly owned Provincial corporations operated as commercial enterprises which are valued on an equity basis.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Sinking fund investments are carried at adjusted cost which includes deferred unamortized realized gains and losses. Realized gains and losses on disposals of sinking fund investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

Debentures included in unmatured debt are recorded at the face amount of the issue less unamortized discount, which includes issue expenses, and sinking fund assets where applicable. Promissory notes and Treasury bills are reported at issue principal less unamortized discount, where applicable. Debt denominated in United States dollars is translated at the exchange rate in effect at the reporting date. Exchange differences are amortized over the remaining term of the debt.

Consistent with the reporting of capital acquisitions as expenditure, fixed assets are not reported.

Note 3 Pension Liabilities and Commitments

Pension receipts and pension payments are recorded initially in the General Revenue Fund and subsequently transferred to the Pension Fund, pursuant to section 5 of the Pension Fund Act. Details of the net amount transferred to the Pension Fund during the year ended March 31, 1987 are shown in Schedule 2.16. The Pension Fund Act provides that payments in excess of Pension Fund net assets are to be charged to the General Revenue Fund. Pension Fund net assets at March 31, 1987 amounted to \$3,498,128,000 (1986 - \$3,010,701,000).

Actuarial valuations of the following Pension Acts were carried out at March 31, 1985 and estimated accrued liabilities were as undernoted.

Local Authorities Pension Act	\$2,684,007,000
M.L.A. Pension Act	30,215,000
Public Service Management Pension Act	904,734,000
Public Service Pension Act	1,654,033,000
Special Forces Pension Act	389,281,000
Universities Academic Pension Act	780,944,000
Total liability	6,443,214,000
Less Pension Fund balance at March 31, 1985	2,563,435,000
Unfunded accrued liability	\$3,879,779,000

The above figures were estimated by calculating the present value, at March 31, 1985, of benefits that accrued in respect of service to that date. The valuations were based on a common set of economic assumptions, including rate of salary increases due to inflation, interest rates and rates of discretionary cost of living increases for present and future retired members. Some of the demographic assumptions used in estimating the above liabilities, including termination, retirement, and salary increases due to promotion and merit, varied from plan to plan according to the particular characteristics of each plan.

Under provisions of the Teachers' Retirement Fund Act, payment of all benefits is guaranteed by the Province of Alberta. An actuarial valuation at August 31, 1986 indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately \$2,138,000,000 to meet the liabilities of the fund. The actuarial valuation was based on a different set of assumptions to those used for the above Pension Acts. A separate actuarial valuation at August 31, 1986 based on the same economic assumptions and actuarial cost method as used for the above Pension Acts indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately \$2,585,000,000 to meet the liabilities of the fund. When preparing the latter valuation, the consulting actuary estimated that the unfunded accrued liability would amount to approximately \$2,745,000,000 at March 31, 1987.

The Province of Alberta has an obligation to pay from the General Revenue Fund to the Workers' Compensation Board the costs of additional amounts of compensation for permanent total disability or permanent partial disability in respect of accidents which occurred prior to January 1, 1974. The Board determined that the actuarial liability arising from those increases amounted to approximately \$208,000,000 at March 31, 1987.

Prior to April 1, 1986, all costs incurred by the Workers' Compensation Board relative to work-related accidents to provincial employees were reimbursed by the Province of Alberta. From that date the Province has been assessed premiums based on its salaries, job classifications and experience. The Board determined that the actuarial liability arising from those accidents which occurred prior to April 1, 1986 amounted to approximately \$38,000,000 at March 31, 1987.

Note 4 Contingent Liabilities

The Province has a contingent liability in respect of a statement of claim issued on February 19, 1982. The plaintiffs are the members of the Lubicon Lake Band and the Cree Community of Little Buffalo Lake. The defendants are the Province of Alberta and a number of oil companies. The plaintiffs claim entitlement to at least 60 square miles of land in Northwestern Alberta as a reserve. They are also claiming \$700,000,000 in lieu of royalties and revenues, or alternatively a reserve of 60 square miles including mines and minerals together with \$200,000,000 damages, and interest on all amounts.

The Province has a contingent liability in respect of a statement of claim filed by eight Metis Settlement Associations. On February 2, 1977 it was contended that the Province had received approximately \$30,000,000 from the sale, lease or rental, royalties and fees from the petroleum and natural gas rights on certain lands and that the Associations were entitled to the aforesaid monies as well as all monies thereafter accruing from these petroleum and natural gas rights.

The Province also has a contingent liability in respect of five other native land or mineral rights claims in which the amounts claimed are unspecified.

At March 31, 1987 the Province was named as defendant in various legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately \$130,460,000.

The resulting loss, if any, from these claims cannot be determined.

The Province has a contingent liability to return to Indian Bands its share of oil export tax relating to the period October 1, 1973 to March 31, 1974 in respect of oil production from Indian lands. The Province is committed to return its share of oil export tax, which amounts to approximately \$4,650,000, if the federal government makes a similar decision in respect of its share.

Details of guarantees are shown in Schedule 2.17.

No provision has been made in the financial statements for contingent liabilities resulting from litigation and guarantees.

GENERAL REVENUE FUND

Note 5 Alberta Capital Fund Debt

The Alberta Capital Fund was established during the year to fund the building of hospitals, universities, colleges and other capital projects previously funded from the General Revenue Fund. The Alberta Capital Fund's requirements for debt retirement are funded by contributions from the General Revenue Fund over a period of years based on amortization of the capital cost of construction projects financed by expenditures made from the Alberta Capital Fund. At March 31, 1987 the net debt of the Alberta Capital Fund was \$256,403,000.

Note 6 Exploratory Drilling Assistance Credits

During the year ended March 31, 1987 the Minister of Energy established exploratory drilling assistance credits amounting to \$216,999,000 that may be applied in satisfaction of royalty owing to the Crown in respect of petroleum or natural gas recovered after March 31, 1987. No provision has been made in the financial statements for exploratory drilling assistance credits as they can only be applied against the payment of royalty accruing after March 31, 1987.

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by the Deputy Provincial Treasurer - Management and Control and the Acting Controller.

GENERAL REVENUE FUND
SCHEDULES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

CASH AND MARKETABLE SECURITIES

	In thousands			
	1987		1986	
	Cost	Market Value	Cost	Market Value
Bonds:				
Board of Governors of the University of Alberta	\$ 4,991	\$ 5,056	\$ 5,047	\$ 5,070
Municipal	2,457	2,069	2,689	2,253
School districts and divisions	91	89	388	360
Corporate	6,142	6,164	7,371	7,273
Province of Alberta, direct and guaranteed	—	—	265,062	291,423
Other provinces, direct and guaranteed	—	—	34,844	34,188
	13,681	13,378	315,401	340,567
Long-term promissory notes	5,915	9,915	7,131	7,127
Shares	5,412	5,452	5,169	5,166
Mortgages	—	—	9,183	10,112
	25,008	28,745	336,884	362,972
Short-term money market securities:				
Certificates of deposit	—	—	25,000	25,000
Royalty oil (a)	78,722	78,722	14,817	14,817
Cash:				
Cash in bank and in transit	4,405	4,405	(114,371)	(114,371)
Deposits in Consolidated Cash Investment Trust Fund	90,529	90,529	293,591	293,591
	94,934	94,934	179,220	179,220
	<u>\$ 198,664</u>	<u>\$ 202,401</u>	<u>\$ 555,921</u>	<u>\$ 582,009</u>

(a) Represents the net realizable value of the Crown's royalty share of oil in pipelines at the year end.

ACCOUNTS RECEIVABLE

	In thousands	
	1987	1986
Government of Canada	\$ 44,208	\$ 49,626
Miscellaneous departmental accounts	511,323	614,817
Revolving fund accounts	37,182	58,205
Less: Intragovernmental accounts	(24,450)	(38,298)
Alberta Mortgage and Housing Corporation	16,148	35,570
Alberta Heritage Savings Trust Fund	20,089	—
Health Care Insurance Fund	12,409	—
Accrued interest receivable	20,140	28,349
	637,049	748,269
Less: Allowance for doubtful accounts	58,000	49,000
	<u>\$579,049</u>	<u>\$699,269</u>

GENERAL REVENUE FUND

Schedule 2.3

LONG-TERM INVESTMENTS

	In thousands	
	1987	1986
Sturdi-Wood Inc. Class B preferred shares	\$ 25,200	\$ 4,600
Chembiomed Ltd. preferred shares	11,269	3,369
General Systems Research Ltd.		
Class A preferred shares	7,500	—
Global Thermoelectric Power Systems Ltd.		
preferred shares	3,808	3,808
Native Venture Capital Co. Ltd.		
Class A common shares	10	10
Class B common shares	10	10
Class A preferred shares	1,980	1,980
Myrias Research Corporation preferred shares	1,578	1,578
Norstar Instruments Ltd. series A preferred shares	1,000	600
Teknica Resource Development Ltd.		
Class X preferred shares	1,000	—
Tomotechnology Inc. Class A shares	625	—
D & S Knowledge Systems Inc. Class G preferred shares	234	—
Alberta Municipal Financing Corporation		
Class A shares	45	45
General Systems Research Ltd. non-interest bearing participating debenture	—	2,500
Pacific Western Airlines Corporation		
common shares	—	1,444
Total at cost	<u>54,259</u>	<u>19,944</u>
Alberta Intermodal Services Ltd. common shares (a)	18,137	20,378
Alberta Terminals Ltd. common shares (b)	20,277	19,709
Total at equity	<u>38,414</u>	<u>40,087</u>
	<u>\$ 92,673</u>	<u>\$ 60,031</u>

(a) The investment in Alberta Intermodal Services Ltd., representing 100% of the outstanding voting shares, is valued at equity, being cost adjusted for post acquisition operating results. Equity at March 31, 1987 represents cost \$20,000,000 less accumulated deficit at December 31, 1986 of \$1,863,000 (1986 - cost of \$20,000,000 plus retained earnings of \$378,000).

(b) The investment in Alberta Terminals Ltd., representing 100% of the outstanding voting shares, is valued at equity, being cost adjusted for post acquisition operating results. Equity at March 31, 1987 represents cost \$17,528,000 plus retained earnings at July 31, 1986 of \$2,749,000 (1986 - cost of \$17,528,000 plus retained earnings of \$2,181,000).

Schedule 2.4

LOANS AND ADVANCES TO GOVERNMENT ENTERPRISES

	In thousands	
	1987	1986
Alberta Mortgage and Housing Corporation	\$290,833	\$290,833
Rural Electrification Revolving Fund	59,923	53,431
Alberta Hail and Crop Insurance Corporation	25,290	164,657
Alberta Resources Railway Corporation	8,440	8,794
Motion Picture Development Fund	3,000	3,000
Students Loan Fund	243	261
Public Trustee	24	24
Homestead Lease Loan Fund	8	8
Alberta Petroleum Marketing Commission	—	10,000
Less: Allowance for doubtful loans and advances	<u>387,761</u>	<u>531,008</u>
	<u>28,319</u>	<u>28,692</u>
	<u>\$359,442</u>	<u>\$502,316</u>

LOANS AND ADVANCES - OTHER

	In thousands	
	1987	1986
Credit Union Stabilization Corporation	\$130,708	\$ 93,107
Accountable advances	18,682	19,799
Advances under the Municipal Land Loans Act - cities	13,053	14,523
Rocky Mountain Life Insurance Company	9,478	—
Syn crude Canada Limited	9,362	—
Chembomed Ltd.	3,705	5,205
Airport terminal costs recoverable from the Government of Canada	3,573	3,667
Global Thermolectric Power Systems Ltd.	3,425	3,425
University of Alberta Students' Union	2,245	2,361
University of Calgary Students' Union	1,254	1,312
Alberta Stock Exchange	800	574
Judgement debts	797	939
Canadian Co-operative Implements Limited	788	3,150
Dial-Guard Ltd.	399	—
Advances under the Cemeteries Act	85	85
Alberta Union of Rural Electrification Associations Co-operative Ltd.	80	100
Guarantees Implemented:		
Co-operative marketing associations	1,483	19
Rural gas co-operatives	1,181	1,129
Feeder associations	722	772
Agricultural Societies Act	194	212
Export program	172	964
Farm implement dealers program	147	—
Agricultural development loans	57	77
Cow-calf producers' advances	40	56
Alberta livestock loans	19	35
Miscellaneous	3	3
	<u>202,452</u>	<u>151,514</u>
Less: Allowance for doubtful loans and advances	<u>118,007</u>	<u>52,600</u>
	<u><u>\$ 84,445</u></u>	<u><u>\$ 98,914</u></u>

ACCOUNTS AND LOANS PAYABLE

	In thousands	
	1987	1986
Departmental accounts payable general	\$493,057	\$558,612
Less: Intragovernmental accounts	(24,450)	(38,298)
Revolving fund accounts payable	17,291	34,972
Government of Canada:		
Excess hospital insurance payments	16,619	—
Excess post-secondary education advances	7,160	—
Lesser Slave Lake project loans	3,054	3,255
Other	88	63,790
Pension Fund	30,190	31,420
Alberta Petroleum Incentives Program Fund	29,558	255,031
Utility Companies Income Tax Rebates Fund	21,538	16,934
Alberta Capital Fund	17,312	—
Farm Credit Stability Fund	14,020	—
Small Business Term Assistance Fund	4,735	—
Alberta Mortgage and Housing Corporation	4,604	4,731
Accrued interest on unmatured debt	43,686	7,222
Other loans	128	167
Unclaimed dividends	190	192
Alberta Heritage Savings Trust Fund	—	5,295
	<u><u>\$678,780</u></u>	<u><u>\$943,323</u></u>

GENERAL REVENUE FUND

Schedule 2.7

UNEARNED REVENUE AND SUSPENSE

	In thousands	1987	1986
Unearned Revenue:			
Cash on hand or in transit in respect of revenue of the next fiscal year		\$35,734	\$41,165
Suspense:			
Cash on hand or in transit which will be disbursed to other funds, refunded or credited to revenue of the next fiscal year	1,006	685	
	<u>\$36,740</u>	<u>\$41,850</u>	

Schedule 2.8

UNMATURED DEBT

Date of Issue	Date of Maturity	Interest Rate	Currency	Principal Outstanding	In thousands		Net Unmatured Debt	
					Deduct Sinking Fund Assets (Schedule 2.9)		1987	1986
Debentures (a):								
Canada Pension Plan Investment Fund (b)								
Jul. 4, 1972	Jul. 4, 1992	7.45%	C.	\$ 9,107	\$ 6,082	\$ 3,025	\$ 3,935	
Aug. 1, 1972	Aug. 1, 1992	7.49	C.	7,520	4,986	2,534	3,272	
Sep. 1, 1972	Sep. 1, 1992	7.50	C.	8,402	5,534	2,868	3,677	
Oct. 2, 1972	Oct. 2, 1992	7.49	C.	5,724	3,752	1,972	2,534	
Nov. 1, 1972	Nov. 1, 1992	7.51	C.	5,947	3,872	2,075	2,653	
Dec. 1, 1972	Dec. 1, 1992	7.38	C.	5,484	3,564	1,920	2,458	
Other								
Dec. 2, 1968	Dec. 2, 1988	7 1/2	C.	12,500(c)	10,365	2,135	3,556	
Apr. 15, 1970	Apr. 15, 1990	8 7/8	C.	3,000	2,296	704	1,017	
Nov. 16, 1970	Nov. 16, 1990	8 3/4	C.	35,000	25,905	9,095	12,760	
Jun. 15, 1971	Jun. 15, 1991	8 1/8	C.	25,000	17,852	7,148	9,722	
Jun. 18, 1986	Jun. 18, 1991	9.0	C.	700,000	—	700,000	—	
Oct. 15, 1971	Oct. 15, 1991	7 7/8	C.	50,000	34,934	15,066	20,114	
Mar. 31, 1972	Mar. 31, 1992	6.9	C.	4,000(d)	2,707	1,293	1,690	
Dec. 1, 1967	Dec. 1, 1992	7.0	C.	20,000(c)	17,474	2,526	4,841	
Mar. 1, 1969	Mar. 1, 1994	7 1/2	U.S.	39,153(c)	32,004	7,149	12,316	
				930,837	171,327	759,510	84,545	
Less:								
Unamortized discount				7,410	—	7,410	—	
Deferred unamortized exchange losses				1,938	—	1,938	—	
				\$ 921,489	\$ 171,327	750,162	84,545	
Promissory notes:								
Various	Various	Various	C.			459,000	40,000	
Various	Various	Various	U.S.			358,895(f)	—	
Dec. 9, 1986	Dec. 9, 1991	7.375%	U.S.			326,275(g)	—	
Dec. 11, 1986	Dec. 11, 1993	(h)	U.S.			652,550(i)	—	
						1,796,720	40,000	
Less unamortized discount						12,805	—	
						1,783,915	40,000	
Deferred unamortized exchange gains						53,773	—	
						1,837,688	40,000	
Treasury bills						650,000	—	
Less unamortized discount						5,421	—	
						644,579	—	
						\$ 3,232,429	\$ 124,545	

- (a) All debentures are callable.
- (b) Debentures held by the Canada Pension Plan Investment Fund are redeemable at the option of the Minister of Finance of Canada by giving six months notice in writing to the Provincial Treasurer and observing the other redemption provisions of the debentures.
- (c) Alberta Universities Commission debentures.
- (d) Federal-Provincial Special Development Loans Program debentures.
- (e) U.S. \$30,000,000.
- (f) U.S. \$270,790,000.
- (g) U.S. \$250,000,000.
- (h) Interest rate floats at 0.03125% above the London interbank offered rate for six month Eurodollar deposits.
- (i) U.S. \$500,000,000.

Abbreviations: C. - Canada; U.S. - United States of America

PROVINCIAL SINKING FUND

	In thousands	
	1987	1986
Investment income before the undernoted	\$ 17,446	\$ 16,138
Amortization of deferred realized gains and losses	190	83
Investment income	17,636	16,221
Contributions received	4,633	4,679
Balance at beginning of year	<u>149,058</u>	<u>128,158</u>
Balance at end of year	<u>\$171,327</u>	<u>\$149,058</u>
Consisting of:		
Investments:		
Bonds and debentures:		
Province of Alberta, direct	\$ 68,443	\$ 59,719
Province of Alberta, guaranteed	975	961
Other provinces, direct and guaranteed	6,311	3,950
Government of Canada, direct	18,338	20,983
Government of the United States of America, direct	5,264	6,062
Corporate	2,660	2,637
Bond coupons and residuals:		
Government of Canada, direct	51,464	41,511
Government of the United States of America, direct	2,719	1,854
Mid-term money market securities:		
Promissory notes	2,535	—
Deferred unamortized realized gains and losses	<u>381</u>	<u>829</u>
	<u>159,090</u>	<u>138,506</u>
Cash and deposits in the Consolidated		
Cash Investment Trust Fund	8,967	7,510
Accrued interest receivable	<u>3,270</u>	<u>3,042</u>
	<u>\$171,327</u>	<u>\$149,058</u>

BUDGETARY REVENUE

	In thousands	
	1987	1986
	Budget	Revenue
Taxes:		
Personal income tax	\$ 1,722,000	\$ 1,768,092
Corporate income tax	700,000	321,483
Freehold mineral rights tax	141,000	96,292
Tobacco tax	98,000	109,941
Insurance corporations tax	40,000	39,534
Other taxes	<u>16,000</u>	<u>15,910</u>
	<u>2,717,000</u>	<u>2,351,252</u>
Non-Renewable Resource Revenue:		
Gross non-renewable resource revenue	2,648,000	1,603,894
Allocation to Alberta Heritage Savings Trust Fund (a)	<u>(405,000)</u>	<u>(218,148)</u>
	<u>2,243,000</u>	<u>1,385,746</u>
Payments from Government of Canada:		
Canada assistance plan	380,000	416,712
Hospital insurance	361,000	349,345
Post-secondary education	203,000	200,207
Extended health care	106,000	106,308
Training of manpower	40,000	41,919
Other	<u>64,000</u>	<u>119,703</u>
	<u>1,154,000</u>	<u>1,234,194</u>
	1,231,708	

GENERAL REVENUE FUND

Schedule 2.10 (cont'd)

	In thousands		
	Budget	Revenue	1986
			Revenue
Fees, Permits and Licences:			
Motor vehicle licences	\$ 82,000	\$ 81,818	\$ 82,325
Land titles	22,000	19,357	20,658
Timber rentals and fees	16,000	19,061	17,038
Other	69,000	62,942	65,555
	<u>189,000</u>	<u>183,178</u>	<u>185,576</u>
Trading Profits:			
Alberta Liquor Control Board	330,000	311,000	314,500
Other	1,000	16,197	9,718
	<u>331,000</u>	<u>327,197</u>	<u>324,218</u>
Other Revenue:			
Investment income	85,000	96,318	119,950
Miscellaneous	129,000	145,478	127,877
	<u>214,000</u>	<u>241,796</u>	<u>247,827</u>
Total general revenue	6,848,000	5,723,363	8,206,396
Heritage Fund investment income	<u>1,460,000</u>	<u>1,444,906</u>	<u>1,666,863</u>
Total revenue	<u>\$8,308,000</u>	<u>\$7,168,269</u>	<u>\$9,873,259</u>

- (a) The following table shows how the allocation of non-renewable resource revenue to the Alberta Heritage Savings Trust Fund for the fiscal years ended March 31, 1986 and 1987 was calculated. The table includes an analysis of the allocation and a reconciliation to the transfer reported by the Alberta Heritage Savings Trust Fund.

	In thousands	
	1987	1986
Gross non-renewable resource revenue:		
Crude oil royalty	\$ 996,710	\$ 2,533,673
Natural gas and by-products royalty	1,097,180	1,805,935
Synthetic crude oil and bitumen royalty	11,960	220,868
Coal royalty	7,107	10,928
Rentals and fees	81,220	91,184
Bonuses and sales of Crown leases	291,948	724,418
Drilling, well servicing and geophysical incentives	(169,157)	(44,192)
Royalty tax credit	(425,126)	(410,779)
Allocations to:		
Alberta Petroleum Incentives Program Fund	(231,140)	(490,760)
Natural Gas Rebates Fund	(56,808)	(131,063)
	<u>1,603,894</u>	<u>4,310,212</u>
Add back:		
Allocation to Natural Gas Rebates Fund	<u>56,808</u>	<u>131,063</u>
Net non-renewable resource revenue before allocation (i)	<u>\$1,660,702</u>	<u>\$4,441,275</u>
Allocation		
- 15% of preceding total (i)	\$ 249,105	\$ 666,191
- 15% of net non-renewable resource revenue receivables at March 31, 1987 (ii)	(30,957)	—
	<u>\$ 218,148</u>	<u>\$ 666,191</u>
Transferred during the year	\$ 218,148	\$ 667,948
Amount to be recovered	—	(1,757)
	<u>218,148</u>	<u>666,191</u>
Decrease in amount to be transferred (recovered)	(1,757)	18,446
Transfer reported by the Alberta Heritage Savings Trust Fund	<u>\$ 216,391</u>	<u>\$ 684,637</u>

- (i) These amounts are reported on an accrual basis. The transfer made to the Alberta Heritage Savings Trust Fund, pursuant to the Alberta Heritage Savings Trust Fund Act, was on a basis of cash received.
- (ii) 15% of the non-renewable resource revenue received by the Province during the year ended March 31, 1987 was transferred to the Alberta Heritage Savings Trust Fund pursuant to the Alberta Heritage Savings Trust Fund Special Appropriation Act, 1986-87. For the 1987-88 fiscal year, none of the non-renewable resource revenue received by the Province will be transferred to the Alberta Heritage Savings Trust Fund.

BUDGETARY EXPENDITURE BY DEPARTMENT

	In thousands			
	Original Budget	Total Authorized	1987	1986
			Expenditure	Expenditure
Legislative Assembly:				
Support to the Legislative Assembly	\$ 15,619	\$ 15,619	\$ 15,018	\$ 10,764
Office of the Auditor General	10,807	10,807	9,863	9,677
Office of the Ombudsman	852	852	819	770
Office of the Chief Electoral Officer	8,167	8,167	3,775	3,715
	<u>35,445</u>	<u>35,445</u>	<u>29,475</u>	<u>24,926</u>
Departmental:				
Advanced Education	951,240	951,240	943,621	915,898
Agriculture	437,570	437,570	403,210	442,187
Attorney General	146,281	149,037	139,020	132,019
Career Development and Employment	217,929	233,879	213,865	210,281
Community and Occupational Health	333,239	341,966	308,359	284,392
Consumer and Corporate Affairs	16,879	16,959	16,013	15,303
Culture	59,559	59,709	56,392	57,980
Revolving fund	32	32	25	2
Economic Development and Trade	65,472	74,192	60,666	79,885
Education	1,297,179	1,305,580	1,299,532	1,232,257
Revolving fund	301	301	1,749	889
Energy	114,856	114,792	106,260	99,621
Environment	163,622	163,622	130,129	113,637
Water Resources Revolving Fund	117	117	(33)	160
Executive Council	53,959	78,959	68,696	43,360
Federal and Intergovernmental Affairs	6,973	7,645	7,337	6,623
Forestry, Lands and Wildlife	187,745	209,094	186,215	175,019
Revolving fund	(37)	(37)	(155)	804
Hospitals and Medical Care	2,330,585	2,348,485	2,308,985	2,303,795
Labour	39,298	40,201	37,929	36,882
Personnel Administration Revolving Fund	(4)	(4)	(30)	(67)
Municipal Affairs	656,795	656,795	618,597	634,610
Public Works, Supply and Services	569,201	569,551	531,031	504,597
Revolving fund	14,388	14,388	16,019	(6,405)
Recreation and Parks	133,715	133,715	128,840	114,160
Revolving fund	—	—	50	4
Social Services	1,058,469	1,173,110	1,148,234	1,029,982
Solicitor General	252,913	252,913	242,566	232,441
Technology, Research and Telecommunications	64,885	65,035	62,394	53,980
Tourism	39,112	39,112	24,946	14,937
Transportation and Utilities	1,018,483	1,023,059	996,326	1,038,333
Revolving funds	8,338	8,338	5,323	30,423
Treasury	321,609	358,646	201,163	177,579
Revolving funds and other statutory appropriations	285,601	285,601	229,037	47,909
	<u>10,846,304</u>	<u>11,113,602</u>	<u>10,492,311</u>	<u>10,023,477</u>
Summary:				
Voted appropriations	\$ 10,573,013	\$ 10,840,311	\$ 10,269,801	\$ 9,974,684
Statutory appropriations	308,736	308,736	251,985	73,719
	<u>\$10,881,749</u>	<u>\$11,149,047</u>	<u>\$10,521,786</u>	<u>\$10,048,403</u>

GENERAL REVENUE FUND

Schedule 2.12

OPERATING AND CAPITAL EXPENDITURE

	In thousands			
	Expenditure			
	Operating	Capital	Grants for Capital Purposes	Total
Legislative Assembly:				
Support to the Legislative Assembly	\$ 14,446	\$ 572	\$ —	\$ 15,018
Office of the Auditor General	9,231	632	—	9,863
Office of the Ombudsman	810	9	—	819
Office of the Chief Electoral Officer	3,771	4	—	3,775
	28,258	1,217	—	29,475
Departments:				
Advanced Education:				
Departmental support services	7,010	84	—	7,094
Assistance to higher and further educational institutions	735,599	2,043	86,403	824,045
Financial assistance to students	112,426	56	—	112,482
	855,035	2,183	86,403	943,621
Agriculture:				
Departmental support services	14,338	615	—	14,953
Production assistance	175,224	575	901	176,700
Marketing assistance	10,580	250	5,547	16,377
Field services	30,984	199	3,305	34,488
Research and resource development	9,304	94	—	9,398
Agricultural development lending assistance	114,224	—	—	114,224
Hail and crop insurance assistance	37,070	—	—	37,070
	391,724	1,733	9,753	403,210
Attorney General:				
Departmental support services	6,868	184	—	7,052
Court services	56,609	488	—	57,097
Legal services	30,489	571	—	31,060
Support for legal aid	15,336	—	—	15,336
Protection and administration of property rights	19,838	553	—	20,391
Fatality inquiries	3,721	169	—	3,890
Crimes compensation	1,187	3	—	1,190
Public utilities regulation	2,577	83	—	2,660
Gaming control and licensing	344	—	—	344
	136,969	2,051	—	139,020
Career Development and Employment:				
Departmental support services	6,607	105	—	6,712
Training and career services	118,566	176	—	118,742
Employment services	85,414	—	—	85,414
Financial assistance to major exhibitions and fairs	2,733	—	264	2,997
	213,320	281	264	213,865
Community and Occupational Health:				
Departmental support services	1,606	14	—	1,620
Community health services	204,422	296	704	205,422
Occupational health and safety services	10,660	330	—	10,990
Mental health services	45,705	220	—	45,925
Alcohol and drug abuse - treatment, prevention and education	27,403	89	—	27,492
Workers' compensation	16,910	—	—	16,910
	306,706	949	704	308,359
Consumer and Corporate Affairs:				
Departmental support services	8,618	187	—	8,805
Consumer services	726	—	—	726
Business registration and regulation	3,584	19	—	3,603
Regulation of securities markets	2,871	8	—	2,879
	15,799	214	—	16,013

OPERATING AND CAPITAL EXPENDITURE (cont'd)

	In thousands			
	Expenditure			
	Operating	Capital	Grants for Capital Purposes	Total
Culture:				
Voted appropriations:				
Departmental support services	\$ 3,156	\$ 167	\$ —	\$ 3,323
Cultural development	27,203	254	760	28,217
Historical resources development	19,484	3,034	509	23,027
Heritage development	1,817	8	—	1,825
	51,660	3,463	1,269	56,392
Statutory appropriations:				
Culture Revolving Fund	25	—	—	25
Department total	51,685	3,463	1,269	56,417
Economic Development and Trade:				
Departmental support services	6,287	36	—	6,323
Development of business and industrial programs	16,827	100	—	16,927
Financial assistance to Alberta business	27,149	41	—	27,190
Financing - economic development projects	100	28,726	3,500	32,326
International assistance	6,626	—	—	6,626
Less: capitalized as a voted non-budgetary disbursement	—	(28,726)	—	(28,726)
	56,989	177	3,500	60,666
Education:				
Voted appropriations:				
Departmental support services	18,932	474	—	19,406
Financial assistance to schools	1,177,052	—	66,614	1,243,666
Education program development and delivery	35,444	1,016	—	36,460
	1,231,428	1,490	66,614	1,299,532
Statutory appropriations:				
Education Revolving Fund	1,309	440	—	1,749
Department total	1,232,737	1,930	66,614	1,301,281
Energy:				
Departmental support services	21,897	372	—	22,269
Minerals management	29,021	9,542	—	38,563
Oil sands equity management	1,189	3	—	1,192
Petroleum incentives	7,454	82	—	7,536
Oil sands research fund management	38,412	13	—	38,425
Petroleum marketing and market research	7,637	—	—	7,637
Less: capitalized as a voted non-budgetary disbursement	—	(9,362)	—	(9,362)
	105,610	650	—	106,260
Environment:				
Voted appropriations:				
Departmental support services	5,728	219	—	5,947
Pollution prevention and control	14,997	428	2,224	17,649
Land conservation	4,640	424	—	5,064
Water resources management	21,991	43,358	8,988	74,337
Environmental research	3,125	—	—	3,125
Interdisciplinary environmental research and services	10,342	799	—	11,141
Special waste management assistance	3,311	—	15,349	18,660
Overview and coordination of environmental conservation	1,237	—	—	1,237
Less: capitalized as a voted non-budgetary expenditure	—	(6,365)	(666)	(7,031)
	65,371	38,863	25,895	130,129
Statutory appropriations:				
Water Resources Revolving Fund	(537)	504	—	(33)
Department total	64,834	39,367	25,895	130,096

GENERAL REVENUE FUND**Schedule 2.12 (cont'd)****OPERATING AND CAPITAL EXPENDITURE (cont'd)**

	In thousands			
	Expenditure			
	Operating	Capital	Grants for Capital Purposes	Total
Executive Council:				
Executive council administration	\$ 3,086	\$ 9	\$ —	\$ 3,095
Northern development	2,772	7	—	2,779
Energy resources conservation	24,504	—	—	24,504
Coordination and advice respecting women's issues	638	20	—	658
Water resources advisory services	207	1	—	208
Disaster services and dangerous goods control	23,164	531	—	23,695
Public service employee relations	326	10	—	336
Designation, regulation and licensure of professions and occupations	720	54	—	774
Public affairs	12,558	89	—	12,647
	67,975	721	—	68,696
Federal and Intergovernmental Affairs:				
Intergovernmental coordination and research	7,217	120	—	7,337
Forestry, Lands and Wildlife:				
Voted appropriations:				
Departmental support services	14,008	291	—	14,299
Resource evaluation and planning	11,737	111	—	11,848
Forest resources management	85,381	1,661	—	87,042
Public lands management	31,310	3,988	—	35,298
Fish and wildlife conservation	27,071	423	—	27,494
Foreign ownership of land administration	309	1	—	310
Surveying and mapping services	9,371	553	—	9,924
	179,187	7,028	—	186,215
Statutory appropriations:				
Forestry, Lands and Wildlife Revolving Fund	(162)	7	—	(155)
Department total	179,025	7,035	—	186,060
Hospitals and Medical Care:				
Departmental support services	39,856	966	—	40,822
Health care insurance	506,545	—	—	506,545
Financial assistance for active care	1,407,477	—	39,262	1,446,739
Financial assistance for long term chronic care	187,953	—	1,402	189,355
Financial assistance for supervised personal care	124,408	—	1,116	125,524
	2,266,239	966	41,780	2,308,985
Labour:				
Voted appropriations:				
Departmental support services	3,866	65	—	3,931
Labour relations	5,057	32	—	5,089
General safety services	15,892	226	—	16,118
Labour relations adjudication and regulation	1,101	27	—	1,128
Individual's rights protection	1,243	8	—	1,251
Personnel administration	10,342	70	—	10,412
	37,501	428	—	37,929
Statutory appropriations:				
Personnel Administration Revolving Fund	(36)	6	—	(30)
Department total	37,465	434	—	37,899

OPERATING AND CAPITAL EXPENDITURE (cont'd)

	In thousands			
	Expenditure			
	Operating	Capital	Grants for Capital Purposes	Total
Municipal Affairs:				
Departmental support services	\$ 9,148	\$ 625	\$ —	\$ 9,773
Financial support for municipal programs	223,751	—	—	223,751
Alberta property tax reduction plan - rebates to individuals	108,511	—	—	108,511
Support to community planning services	9,163	8	—	9,171
Administrative and technical support to municipalities	21,422	783	—	22,205
Regulatory boards	1,433	—	—	1,433
Native affairs support and coordination	3,672	5	—	3,677
Research and financial assistance for housing	43,172	3,707	—	46,879
Alberta Heritage Fund mortgage interest reduction program	1,338	—	—	1,338
Housing and mortgage assistance for Albertans	182,711	—	9,148	191,859
	604,321	5,128	9,148	618,597
Public Works, Supply and Services:				
Voted appropriations:				
Departmental support services	7,822	141	—	7,963
Information and telecommunication services	43,423	3,796	—	47,219
Management of properties	233,742	11,301	—	245,043
Planning and implementation of construction projects	—	207,738	—	207,738
Central services and acquisition of supplies	13,352	229	—	13,581
Land assembly	—	9,487	—	9,487
	298,339	232,692	—	531,031
Statutory appropriations:				
Public Works, Supply and Services	(7,560)	23,579	—	16,019
Revolving Fund				
Department total	290,779	256,271	—	547,050
Recreation and Parks:				
Voted appropriations:				
Departmental support services	3,345	55	—	3,400
Recreation development	35,563	152	31,394	67,109
Provincial parks	21,290	12,342	—	33,632
Support to the XV Olympic Winter Games - 1988	32	585	11,462	12,079
Kananaskis Country management	9,934	2,686	—	12,620
	70,164	15,820	42,856	128,840
Statutory appropriations:				
Recreation and Parks Revolving Fund	50	—	—	50
Department total	70,214	15,820	42,856	128,890
Social Services:				
Departmental support services	55,158	633	—	55,791
Social allowance	553,266	—	—	553,266
Child welfare services	126,337	102	—	126,439
Specialized social services	55,316	60	—	55,376
Benefits and income support	216,301	—	—	216,301
Vocational rehabilitation services	22,637	4	250	22,891
Services for the handicapped	117,775	381	14	118,170
	1,146,790	1,180	264	1,148,234
Solicitor General:				
Departmental support services	7,695	43	—	7,738
Correctional services	108,589	477	—	109,066
Law enforcement	93,893	19	114	94,026
Motor vehicle registration and driver licensing	24,249	182	—	24,431
Control and development of horse racing	7,305	—	—	7,305
	241,731	721	114	242,566

GENERAL REVENUE FUND

Schedule 2.12 (cont'd)

GRATING AND CAPITAL EXPENDITURE (cont'd)

	In thousands			
	Expenditure			
	Operating	Capital	Grants for Capital Purposes	Total
hnology, Research and Telecommunications:				
Development of science and technology	\$ 4,992	\$ 375	\$ —	\$ 5,367
Financing of high technology projects	16,378	19,158	—	35,536
Natural sciences and engineering research	21,530	—	1,300	22,830
Multi-media education services	16,319	—	—	16,319
Less: capitalized as a voted non-budgetary disbursement	—	(17,658)	—	(17,658)
	59,219	1,875	1,300	62,394
urism:				
Tourism	23,030	725	1,191	24,946
nsportation and Utilities:				
Voted appropriations:				
Departmental support services	13,456	696	—	14,152
Construction and maintenance of highways	111,506	502,203	45,908	659,617
Construction and operation of rail systems	7,891	—	—	7,891
Construction and maintenance of airport facilities	2,555	5,792	40	8,387
Specialized transportation services	11,629	38	—	11,667
Urban transportation financial assistance	22,755	203	121,566	144,524
Gas utility development	3,509	579	14,967	19,055
Natural gas price protection for Albertans	13,179	8	—	13,187
Electric utility development	879	97	370	1,346
Financial assistance for water and sewer projects	—	20,409	52,821	73,230
Electric energy marketing	43,270	—	—	43,270
	230,629	530,025	235,672	996,326
Statutory appropriations:				
Transportation Revolving Fund	(5,378)	12,263	—	6,885
Gas Alberta Operating Fund	(1,562)	—	—	(1,562)
	(6,940)	12,263	—	5,323
Department total	223,689	542,288	235,672	1,001,649
Assurance:				
Voted appropriations:				
Departmental support services	2,933	99	—	3,032
Statistical services	2,352	36	—	2,388
Revenue collection and rebates	150,752	279	—	151,031
Financial management, planning and central services	36,714	267	—	36,981
Pension advice and appeals	350	6	—	356
Support for financial institutions	5,000	—	—	5,000
Employee flexibility assistance program	2,375	—	—	2,375
	200,476	687	—	201,163
Statutory appropriations:				
Treasury Revolving Fund	(8)	4	—	(4)
Land Purchase Fund	(2,404)	23,237	—	20,833
Farm Credit Stability Fund Act	14,020	—	—	14,020
Small Business Term Assistance Fund Act	4,735	—	—	4,735
Corporate tax interest refunds	4,541	—	—	4,541
Debt servicing costs	184,912	—	—	184,912
	205,796	23,241	—	229,037
Department total	406,272	23,928	—	430,200
Summary:				
Voted appropriations	\$ 8,891,687	\$ 851,387	\$ 526,727	\$ 10,269,801
Statutory appropriations	191,945	60,040	—	251,985
	\$ 9,083,632	\$ 911,427	\$ 526,727	\$ 10,521,786

EXPENDITURE BY PROGRAM AND OBJECT

In thousands

	Salaries, Wages and Employee Benefits	Supplies and Services	Grants	Purchase of Fixed Assets	Other	Total 1987	Total 1986
Legislative Assembly:							
Support to the Legislative Assembly	\$ 4,208	\$ 6,157	\$ 4	\$ 572	\$ 4,077	\$ 15,018	\$ 10,764
Office of the Auditor General	7,026	2,149	56	632	—	9,863	9,677
Office of the Ombudsman	648	162	—	9	—	819	770
Office of the Chief Electoral Officer	332	3,439	—	4	—	3,775	3,715
	12,214	11,907	60	1,217	4,077	29,475	24,926
Departments:							
Advanced Education:							
Departmental support services	5,986	982	—	84	42	7,094	7,413
Assistance to higher and further educational institutions	28,724	5,377	787,901	2,043	—	824,045	822,373
Financial assistance to students	3,190	1,465	101,265	56	6,506	112,482	86,112
	37,900	7,824	889,166	2,183	6,548	943,621	915,898
Agriculture:							
Departmental support services	8,667	5,513	76	615	82	14,953	15,318
Production assistance	22,664	7,064	146,397	575	—	176,700	206,389
Marketing assistance	4,661	2,338	9,128	250	—	16,377	23,489
Field services	17,483	6,478	10,328	199	—	34,488	31,465
Research and resource development	6,797	1,590	917	94	—	9,398	12,499
Agricultural development lending assistance	—	—	114,224	—	—	114,224	101,683
Hail and crop insurance assistance	—	—	37,070	—	—	37,070	214,519
Less: capitalized as a voted non-budgetary disbursement	—	—	—	—	—	—	(163,175)
	60,272	22,983	318,140	1,733	82	403,210	442,187
Attorney General:							
Departmental support services	5,403	1,455	3	184	7	7,052	6,996
Court services	42,189	14,054	366	488	—	57,097	57,780
Legal services	20,383	9,712	394	571	—	31,060	28,182
Support for legal aid	—	—	15,336	—	—	15,336	10,998
Protection and administration of property rights	15,835	4,003	—	553	—	20,391	20,150
Fatality inquiries	1,970	1,751	—	169	—	3,890	3,850
Crimes compensation	70	96	1,021	3	—	1,190	959
Public utilities regulation	2,219	358	—	83	—	2,660	2,762
Gaming control and licensing	217	127	—	—	—	344	342
	88,286	31,556	17,120	2,051	7	139,020	132,019
Career Development and Employment:							
Departmental support services	4,613	1,950	—	105	44	6,712	6,169
Training and career services	24,765	17,003	76,798	176	—	118,742	111,822
Employment services	21,206	1,648	62,560	—	—	85,414	86,569
Financial assistance to major exhibitions and fairs	—	—	2,997	—	—	2,997	5,721
	50,584	20,601	142,355	281	44	213,865	210,281
Community and Occupational Health:							
Departmental support services	1,002	557	5	14	42	1,620	1,185
Community health services	8,193	7,909	189,024	296	—	205,422	185,172
Occupational health and safety services	8,521	2,118	21	330	—	10,990	11,322
Mental health services	29,628	8,889	7,188	220	—	45,925	44,338
Alcohol and drug abuse - treatment, prevention and education	13,516	6,870	7,003	89	14	27,492	26,222
Workers' compensation	—	—	16,910	—	—	16,910	16,153
	60,860	26,343	220,151	949	56	308,359	284,392
Consumer and Corporate Affairs:							
Departmental support services	6,278	2,250	46	187	44	8,805	8,500
Consumer services	357	369	—	—	—	726	604
Business registration and regulation	3,157	427	—	19	—	3,603	3,637
Regulation of securities markets	2,035	836	—	8	—	2,879	2,562
	11,827	3,882	46	214	44	16,013	15,303
Culture:							
Voted appropriations:							
Departmental support services	2,298	815	—	167	43	3,323	3,250
Cultural development	4,165	1,730	22,068	254	—	28,217	29,005
Historical resources development	10,063	7,610	4,600	754	—	23,027	23,912
Heritage development	537	397	883	8	—	1,825	1,813
	17,063	10,552	27,551	1,183	43	56,392	57,980
Statutory appropriations:							
Culture Revolving Fund	—	(6)	—	—	31	25	2
Department total	17,063	10,546	27,551	1,183	74	56,417	57,982

GENERAL REVENUE FUND

Schedule 2.13 (cont'd)

EXPENDITURE BY PROGRAM AND OBJECT (cont'd)

	In thousands						
	Salaries, Wages and Employee Benefits	Supplies and Services	Grants	Purchase of Fixed Assets	Other	Total 1987	Total 1986
Economic Development and Trade:							
Departmental support services	\$ 3,557	\$ 2,658	\$ 31	\$ 36	\$ 41	\$ 6,323	\$ 5,585
Development of business and industrial programs	7,638	7,300	1,888	100	1	16,927	18,944
Financial assistance to Alberta business	1,297	1,206	24,646	41	—	27,190	44,516
Financing - economic development projects	—	—	3,500	—	28,826	32,326	31,406
International assistance	91	18	6,517	—	—	6,626	7,280
Less: capitalized as a voted non-budgetary disbursement	—	—	—	—	(28,726)	(28,726)	(27,846)
	12,583	11,182	36,582	177	142	60,666	79,885
Education:							
Voted appropriations:							
Departmental support services	11,032	7,445	411	474	44	19,406	19,896
Financial assistance to schools	—	75	1,243,591	—	—	1,243,666	1,179,021
Education program development and delivery	19,298	16,026	120	1,016	—	36,460	33,340
	30,330	23,546	1,244,122	1,490	44	1,299,532	1,232,257
Statutory appropriations:							
Education Revolving Fund	—	1,279	—	440	30	1,749	889
Department total	30,330	24,825	1,244,122	1,930	74	1,301,281	1,233,146
Energy:							
Departmental support services	5,847	7,080	8,914	372	56	22,269	13,673
Minerals management	10,573	2,980	15,464	184	9,362	38,563	66,768
Oil sands equity management	514	663	—	3	12	1,192	1,226
Petroleum incentives	4,872	2,582	—	82	—	7,536	7,740
Oil sands research fund management	2,540	1,167	34,700	13	5	38,425	3,463
Petroleum marketing and market research	—	—	7,637	—	—	7,637	6,751
Less: capitalized as a voted non-budgetary disbursement	—	—	—	—	(9,362)	(9,362)	—
	24,346	14,472	66,715	654	73	106,260	99,621
Environment:							
Voted appropriations:							
Departmental support services	3,785	1,893	7	219	43	5,947	5,777
Pollution prevention and control	9,567	3,534	4,120	428	—	17,649	18,634
Land conservation	3,738	1,270	—	56	—	5,064	4,831
Water resources management	21,311	43,612	9,015	399	—	74,337	60,495
Environmental research	985	1,744	396	—	—	3,125	3,057
Interdisciplinary environmental research and services	7,613	2,729	—	799	—	11,141	11,522
Special waste management assistance	—	—	18,660	—	—	18,660	9,445
Overview and coordination of environmental conservation	787	—	450	—	—	1,237	1,175
Less: capitalized as a voted non-budgetary disbursement	—	(6,365)	(666)	—	—	(7,031)	(1,299)
	47,786	48,417	31,982	1,901	43	130,129	113,637
Statutory appropriations:							
Water Resources Revolving Fund	—	(46)	—	504	(491)	(33)	160
Department total	47,786	48,371	31,982	2,405	(448)	130,096	113,797
Executive Council:							
Executive council administration	2,046	975	—	9	65	3,095	3,210
Northern development	943	1,151	666	7	12	2,779	1,625
Energy resources conservation	—	—	24,504	—	—	24,504	20,965
Coordination and advice respecting women's issues	394	199	45	20	—	658	410
Water resources advisory services	144	46	—	1	17	208	235
Disaster services and dangerous goods control	3,547	3,355	16,541	252	—	23,695	4,231
Public service employee relations	182	144	—	10	—	336	355
Designation, regulation and licensure of professions and occupations	384	336	—	54	—	774	568
Public affairs	7,747	4,661	145	89	5	12,647	11,761
	15,387	10,867	41,901	442	99	68,696	43,360
Federal and Intergovernmental Affairs:							
Intergovernmental coordination and research	4,256	2,421	495	120	45	7,337	6,623
Forestry, Lands and Wildlife:							
Voted appropriations:							
Departmental support services	9,153	4,725	87	291	43	14,299	13,866
Resource evaluation and planning	5,392	6,259	75	111	11	11,848	11,492
Forest resources management	45,504	39,945	503	1,090	—	87,042	93,627
Public lands management	11,158	23,753	—	379	8	35,298	18,970
Fish and wildlife conservation	15,335	7,738	4,093	327	1	27,494	26,611
Foreign ownership of land administration	283	26	—	1	—	310	342
Surveying and mapping services	6,026	3,345	—	553	—	9,924	10,111
	92,851	85,791	4,758	2,752	63	186,215	175,019
Statutory appropriations:							
Forestry, Lands and Wildlife Revolving Fund	—	(45)	—	7	(117)	(155)	804
Department total	92,851	85,746	4,758	2,759	(54)	186,060	175,823

EXPENDITURE BY PROGRAM AND OBJECT (cont'd)

	In thousands								
	Salaries, Wages and Employee Benefits	Supplies and Services	Grants	Purchase of Fixed Assets	Other	Total 1987	Total 1986		
Hospitals and Medical Care:									
Departmental support services	\$ 27,431	\$ 12,345	\$ 27	\$ 966	\$ 53	\$ 40,822	\$ 40,10		
Health care insurance	—	—	506,545	—	—	506,545	425,96		
Financial assistance for active care	—	—	1,446,739	—	—	1,446,739	1,556,56		
Financial assistance for long-term chronic care	—	—	189,355	—	—	189,355	179,87		
Financial assistance for supervised personal care	—	—	125,524	—	—	125,524	111,04		
Less: capitalized as a voted non-budgetary disbursement	—	—	—	—	—	—	(9,76)		
	27,431	12,345	2,268,190	966	53	2,308,985	2,303,79		
Labour:									
Voted appropriations:									
Departmental support services	2,545	1,262	11	65	48	3,931	3,81		
Labour relations	4,474	575	8	32	—	5,089	4,79		
General safety services	12,859	3,015	18	226	—	16,118	15,67		
Labour relations adjudication and regulation	807	294	—	27	—	1,128	1,16		
Individual's rights protection	831	412	—	8	—	1,251	1,02		
Personnel administration	7,078	3,264	—	70	—	10,412	10,40		
	28,594	8,822	37	428	48	37,929	36,88		
Statutory appropriations:									
Personnel Administration Revolving Fund	—	(18)	—	6	(18)	(30)	(6)		
Department total	28,594	8,804	37	434	30	37,899	36,81		
Municipal Affairs:									
Departmental support services	6,253	2,714	127	625	54	9,773	9,05		
Financial support for municipal programs	—	—	223,751	—	—	223,751	224,02		
Alberta property tax reduction plan - rebates to individuals	482	892	107,136	—	1	108,511	105,44		
Support to community planning services	2,810	420	5,933	8	—	9,171	9,29		
Administrative and technical support to municipalities	16,150	4,448	1,595	12	—	22,205	20,79		
Regulatory boards	1,083	350	—	—	—	1,433	1,56		
Native affairs support and coordination	793	381	2,498	5	—	3,677	3,94		
Research and financial assistance for housing	4,087	5,474	31,400	3,707	2,211	46,879	49,36		
Alberta Heritage Fund mortgage interest reduction program	618	204	516	—	—	1,338	4,35		
Housing and mortgage assistance for Albertans	—	—	191,859	—	—	191,859	206,78		
	32,276	14,883	564,815	4,357	2,266	618,597	634,61		
Public Works, Supply and Services:									
Voted appropriations:									
Departmental support services	5,498	2,282	—	141	42	7,963	7,23		
Information and telecommunication services	2,841	40,582	—	3,796	—	47,219	47,80		
Management of properties	52,856	159,102	29,627	3,458	—	245,043	239,80		
Planning and implementation of construction projects	11,232	185,887	—	10,619	—	207,738	184,32		
Central services and acquisition of supplies	6,897	6,455	—	229	—	13,581	14,37		
Land assembly	681	637	—	8,169	—	9,487	11,05		
	80,005	394,945	29,627	26,412	42	531,031	504,59		
Statutory appropriations:									
Public Works, Supply and Services Revolving Fund	—	(51)	—	23,579	(7,509)	16,019	(6,40)		
Department total	80,005	394,894	29,627	49,991	(7,467)	547,050	498,19		
Recreation and Parks:									
Voted appropriations:									
Departmental support services	2,735	552	16	55	42	3,400	3,42		
Recreation development	4,974	1,865	60,118	152	—	67,109	65,56		
Provincial parks	18,173	14,780	—	679	—	33,632	32,95		
Support to the XV Olympic Winter Games - 1988	66	551	11,462	—	—	12,079	2,44		
Kananaskis Country management	6,508	5,396	—	716	—	12,620	9,77		
	32,456	23,144	71,596	1,602	42	128,840	114,16		
Statutory appropriations:									
Recreation and Parks Revolving Fund	—	50	—	—	—	—	50		
Department total	32,456	23,194	71,596	1,602	42	128,890	114,16		
Social Services:									
Departmental support services	40,388	14,412	315	633	43	55,791	58,13		
Social allowance	20,843	2,461	529,962	—	—	553,266	458,86		
Child welfare services	38,308	87,324	705	102	—	126,439	120,21		
Specialized social services	9,870	9,081	36,352	60	13	55,376	53,91		
Benefits and income support	2,109	179	214,013	—	—	216,301	203,25		
Vocational rehabilitation services	2,951	11,719	8,217	4	—	22,891	19,79		
Services for the handicapped	62,830	49,250	5,709	381	—	118,170	115,81		
	177,299	174,426	795,273	1,180	56	1,148,234	1,029,98		

GENERAL REVENUE FUND

Schedule 2.13 (cont'd)

EXPENDITURE BY PROGRAM AND OBJECT (cont'd)

	In thousands								
	Salaries, Wages and Employee Benefits	Supplies and Services	Grants	Purchase of Fixed Assets	Other	Total 1987	Total 1986		
Solicitor General:									
Departmental support services	\$ 5,963	\$ 1,688	\$ —	\$ 43	\$ 44	\$ 7,738	\$ 7,980		
Correctional services	78,331	30,252	6	477	—	109,066	104,623		
Law enforcement	3,825	58,742	31,440	19	—	94,026	90,051		
Motor vehicle registration and driver licensing	10,869	13,366	14	182	—	24,431	25,965		
Control and development of horse racing	—	—	7,305	—	—	7,305	3,822		
	98,988	104,048	38,765	721	44	242,566	232,441		
Technology, Research and Telecommunications:									
Development of science and technology	1,693	2,594	659	375	46	5,367	2,225		
Financing of high technology projects	—	—	16,378	1,500	17,658	35,536	10,097		
Natural sciences and engineering research	—	—	22,830	—	—	22,830	26,209		
Multi-media education services	—	—	16,319	—	—	16,319	16,299		
Less: capitalized as a voted non-budgetary disbursement	—	—	—	—	(17,658)	(17,658)	(850)		
	1,693	2,594	56,186	1,875	46	62,394	53,980		
	5,646	13,228	5,305	725	42	24,946	14,937		
Tourism:									
Tourism	—	—	—	—	—	—	—		
	5,646	13,228	5,305	725	42	24,946	14,937		
Transportation and Utilities:									
Voted appropriations:	—	—	—	—	—	—	—		
Departmental support services	8,754	4,621	32	696	49	14,152	15,985		
Construction and maintenance of highways	109,694	496,846	46,053	7,024	—	659,617	685,750		
Construction and operation of rail systems	—	—	7,891	—	—	7,891	9,645		
Construction and maintenance of airport facilities	1,393	6,948	40	6	—	8,387	10,002		
Specialized transportation services	8,547	2,942	140	38	—	11,667	10,920		
Urban transportation financial assistance	503	336	143,685	—	—	144,524	149,455		
Gas utility development	2,118	1,770	15,097	70	—	19,055	22,214		
Natural gas price protection for Albertans	674	218	12,287	8	—	13,187	13,065		
Electric utility development	699	260	370	17	—	1,346	2,514		
Financial assistance for water and sewer projects	667	19,733	52,821	9	—	73,230	69,022		
Electric energy marketing	—	—	43,270	—	—	43,270	49,861		
Less: capitalized as a voted non-budgetary disbursement	—	—	—	—	—	—	(100)		
	133,049	533,674	321,686	7,868	49	996,326	1,038,333		
Statutory appropriations:									
Transportation Revolving Fund	—	7,467	—	12,263	(12,845)	6,885	31,151		
Gas Alberta Operating Fund	—	—	—	—	(1,562)	(1,562)	(728)		
	—	7,467	—	12,263	(14,407)	5,323	30,423		
	133,049	541,141	321,686	20,131	(14,358)	1,001,649	1,068,756		
Treasury:									
Voted appropriations:	—	—	—	—	—	—	—		
Departmental support services	2,206	667	18	99	42	3,032	2,781		
Statistical services	1,631	721	—	36	—	2,388	2,355		
Revenue collection and rebates	9,108	7,703	133,916	279	25	151,031	134,231		
Financial management, planning and central services	18,163	17,962	9	267	580	36,981	37,842		
Pension advice and appeals	299	51	—	6	—	356	370		
Support for financial institutions	—	—	5,000	—	—	5,000	78,000		
Employee flexibility assistance program	32	2,206	137	—	—	2,375	—		
Less: capitalized as a voted non-budgetary disbursement	—	—	—	—	—	—	(78,000)		
	31,439	29,310	139,080	687	647	201,163	177,579		
Statutory appropriations:									
Treasury Revolving Fund	—	—	—	4	(8)	(4)	5		
Land Purchase Fund	—	—	—	23,237	(2,404)	20,833	8,234		
Farm Credit Stability Fund Act	—	—	14,020	—	—	14,020	—		
Small Business Term Assistance Fund Act	—	—	4,735	—	—	4,735	—		
Corporate tax interest refunds	—	—	—	—	4,541	4,541	3,888		
Debt servicing costs	—	—	5,337	—	179,575	184,912	35,782		
	—	—	24,092	23,241	181,704	229,037	47,909		
	31,439	29,310	163,172	23,928	182,351	430,200	225,488		
	\$1,215,421	\$1,652,393	\$7,355,796	\$ 124,208	\$ 173,968	\$10,521,786	\$10,048,403		
Summary:									
Voted appropriations	\$1,215,421	\$1,643,763	\$7,331,704	64,168	14,745	\$10,269,801	9,974,684		
Statutory appropriations	—	8,630	24,092	60,040	159,223	251,985	73,719		
	\$1,215,421	\$1,652,393	\$7,355,796	\$ 124,208	\$ 173,968	\$10,521,786	\$10,048,403		

DETAILS OF EXPENDITURE BY OBJECT

	In thousands						
	Legislative Assembly	Advanced Education	Agriculture	Attorney General	Career Development and Employment	Community and Occupational Health	Consumer and Corporate Affairs
Salaries, Wages and Employee Benefits:							
Salaries - permanent positions	\$ 7,014	\$ 20,035	\$ 42,412	\$ 59,221	\$ 13,607	\$ 46,168	\$ 9,663
Salaries - non-permanent positions	664	9,010	1,612	3,537	8,718	1,433	277
Wages	368	3,493	9,355	2,893	24,134	6,199	416
Payments to contract employees	2,790	1,690	724	13,484	306	948	218
Employer contributions	1,236	3,461	5,719	8,708	3,671	5,838	1,199
Allowances and benefits	142	211	450	443	148	274	54
Total salaries, wages and employee benefits	12,214	37,900	60,272	88,286	50,584	60,860	11,827
Supplies and Services:							
Travel expenses	1,255	710	5,936	4,650	1,442	2,698	351
Maintenance in homes	—	—	—	—	—	790	—
Advertising	823	166	485	66	223	77	160
Insurance	1	4	4	6	8	4	—
Freight and postage	270	355	1,095	1,205	346	286	305
Contracts for construction	—	—	—	—	—	—	—
Rentals	981	572	1,596	1,093	613	510	238
Telephone and communications	451	263	856	487	429	278	93
Repairs and maintenance - machinery and equipment	306	368	1,025	1,164	389	374	203
Contract services including professional, technical and labour services	6,539	747	5,925	11,675	13,893	12,820	1,406
Data processing services	220	841	1,143	6,556	1,004	1,429	620
Hosting	31	49	216	79	43	74	21
Other purchased services	16	45	18	71	28	218	4
Materials and supplies	1,014	3,704	4,684	4,504	2,183	6,785	481
Total supplies and services	11,907	7,824	22,983	31,556	20,601	26,343	3,882
Grants:							
Grants to individuals	2	103,802	144,503	1,021	25,999	44,850	—
Grants to businesses	—	—	9,039	—	68,050	7	—
Grants to non-profit organizations	56	13,083	6,292	16,099	23,993	15,674	46
Grants to own funds and agencies	—	772,281	152,815	—	—	16,910	—
Grants to other levels of government	—	—	5,383	—	24,280	142,703	—
Other grants	2	—	108	—	33	7	—
Total grants	60	889,166	318,140	17,120	142,355	220,151	46
Purchase of Fixed Assets:							
Purchase of real estate	—	—	—	—	—	144	—
Purchase of machinery and equipment	—	241	954	30	52	352	—
Purchase of data processing equipment	982	1,028	663	1,502	190	290	180
Purchase of audio-visual equipment	—	221	31	12	5	54	1
Purchase of reproduction equipment	8	58	43	127	—	—	—
Purchase of office equipment	148	143	38	359	33	61	20
Purchase of furniture	79	322	2	21	1	47	5
Purchase of vehicles	—	132	2	—	—	—	8
Purchase of other assets	—	38	—	—	—	1	—
Total purchase of fixed assets	1,217	2,183	1,733	2,051	281	949	214
Other:							
Payments to Members of the Legislative Assembly and Executive Council	4,077	42	82	6	44	56	44
Pension payments	—	—	—	—	—	—	—
Interest and bank charges	—	342	—	—	—	—	—
Implementation of guarantees	—	6,164	—	—	—	—	—
Long term disability income benefits	—	—	—	1	—	—	—
Write-offs and losses	—	—	—	—	—	—	—
Railway relocation project	—	—	—	—	—	—	—
Rural mobile home program	—	—	—	—	—	—	—
Revolving fund losses (profits)	—	—	—	—	—	—	—
Total other	4,077	6,548	82	7	44	56	44
Summary:							
Voted appropriations	\$ 29,475	\$ 943,621	\$ 403,210	\$ 139,020	\$ 213,865	\$ 308,359	\$ 16,013
Statutory appropriations	—	—	—	—	—	—	—
	\$ 29,475	\$ 943,621	\$ 403,210	\$ 139,020	\$ 213,865	\$ 308,359	\$ 16,013

GENERAL REVENUE FUND

Schedule 2.14 (cont'd)

DETAILS OF EXPENDITURE BY OBJECT (cont'd)

	In thousands							
	Culture	Economic Development and Trade	Education	Energy	Environment	Executive Council	Federal and Inter-governmental Affairs	
Salaries, Wages and Employee Benefits:								
Salaries - permanent positions	\$ 11,928	\$ 8,089	\$ 22,505	\$ 15,657	\$ 36,203	\$ 10,813	\$ 1,961	
Salaries - non-permanent positions	1,555	1,435	2,906	1,602	2,010	762	247	
Wages	1,749	735	1,556	1,628	4,518	1,527	987	
Payments to contract employees	116	644	196	2,825	171	695	347	
Employer contributions	1,668	1,241	3,093	2,465	4,665	1,534	496	
Allowances and benefits	47	439	74	169	219	56	218	
Total salaries, wages and employee benefits	17,063	12,583	30,330	24,346	47,786	15,387	4,256	
Supplies and Services:								
Travel expenses	1,269	1,874	3,162	1,079	2,177	1,556	652	
Maintenance in homes	—	—	17	—	—	—	—	
Advertising	199	338	57	84	217	640	115	
Insurance	4	1	2	2	803	1	1	
Freight and postage	268	354	942	209	237	256	127	
Contracts for construction	—	—	—	—	15,486	278	—	
Rentals	370	651	373	737	4,978	1,840	239	
Telephone and communications	166	202	150	89	385	140	320	
Repairs and maintenance - machinery and equipment	225	111	370	351	1,109	174	61	
Contract services including professional,								
technical and labour services	5,926	5,801	15,350	4,722	18,459	2,746	253	
Data processing services	241	581	1,093	5,867	1,170	136	3	
Hosting	89	371	67	117	26	338	269	
Other purchased services	37	37	186	28	502	30	—	
Materials and supplies	1,752	861	3,056	1,187	2,822	2,732	381	
Total supplies and services	10,546	11,182	24,825	14,472	48,371	10,867	2,421	
Grants:								
Grants to individuals	464	6,865	250	96	1,202	8,224	—	
Grants to businesses	347	8,143	17	19,714	1,075	2,549	—	
Grants to non-profit organizations	10,762	7,630	31,138	4,532	1,175	761	495	
Grants to own funds and agencies	3,484	13,928	981,056	42,337	19,113	24,504	—	
Grants to other levels of government	12,492	16	231,661	—	9,417	5,718	—	
Other grants	2	—	—	36	—	145	—	
Total grants	27,551	36,582	1,244,122	66,715	31,982	41,901	495	
Purchase of Fixed Assets:								
Purchase of real estate	—	—	—	—	—	—	—	
Purchase of machinery and equipment	74	—	2	4	1,238	1	—	
Purchase of data processing equipment	271	148	1,543	591	783	316	100	
Purchase of audio-visual equipment	307	4	65	3	5	31	4	
Purchase of reproduction equipment	24	—	136	11	65	1	—	
Purchase of office equipment	35	13	173	30	16	8	11	
Purchase of furniture	94	8	4	13	14	8	5	
Purchase of vehicles	94	—	—	—	282	—	—	
Purchase of other assets	284	4	7	2	2	77	—	
Total purchase of fixed assets	1,183	177	1,930	654	2,405	442	120	
Other:								
Payments to Members of the Legislative Assembly and Executive Council	43	42	44	73	43	99	39	
Pension payments	—	—	—	—	—	—	—	
Interest and bank charges	—	—	—	—	—	—	5	
Implementation of guarantees	—	—	—	—	—	—	—	
Long term disability income benefits	—	—	—	—	—	—	1	
Write-offs and losses	—	—	—	—	—	—	—	
Railway relocation project	—	100	—	—	—	—	—	
Rural mobile home program	—	—	—	—	—	—	—	
Revolving fund losses (profits)	31	—	30	—	(491)	—	—	
Total other	74	142	74	73	(448)	99	45	
Summary:	\$ 56,417	\$ 60,666	\$ 1,301,281	\$ 106,260	\$ 130,096	\$ 68,696	\$ 7,337	
Voted appropriations	\$ 56,392	\$ 60,666	\$ 1,299,532	\$ 106,260	\$ 130,129	\$ 68,696	\$ 7,337	
Statutory appropriations	25	—	1,749	—	(33)	—	—	
	\$ 56,417	\$ 60,666	\$ 1,301,281	\$ 106,260	\$ 130,096	\$ 68,696	\$ 7,337	

DETAILS OF EXPENDITURE BY OBJECT (cont'd)

	Forestry, Lands and Wildlife	Hospitals and Medical Care	Labour	Municipal Affairs	Public Works, Supply and Services	Recreation and Parks	Social Services
Salaries, Wages and Employee Benefits:							
Salaries - permanent positions	\$ 59,056	\$ 19,830	\$ 24,475	\$ 25,168	\$ 59,986	\$ 17,283	\$ 122,644
Salaries - non-permanent positions	4,133	2,779	476	2,247	4,970	439	13,058
Wages	20,153	1,581	329	955	6,171	11,473	23,431
Payments to contract employees	234	318	291	399	246	79	487
Employer contributions	8,087	2,813	2,898	3,307	8,271	2,637	17,084
Allowances and benefits	1,188	110	125	200	361	545	595
Total salaries, wages and employee benefits	92,851	27,431	28,594	32,276	80,005	32,456	177,299
Supplies and Services:							
Travel expenses	4,177	601	2,244	2,656	2,330	1,193	9,076
Maintenance in homes	—	—	—	—	—	—	116,166
Advertising	757	190	712	167	287	184	338
Insurance	33	—	140	11	129	31	16
Freight and postage	425	2,381	272	237	1,907	217	1,438
Contracts for construction	3,685	—	—	772	171,612	5,328	—
Rentals	19,605	202	258	807	87,594	1,939	2,189
Telephone and communications	2,583	162	84	352	39,263	954	1,573
Repairs and maintenance - machinery and equipment	5,931	409	114	2,284	2,610	1,122	1,183
Contract services including professional,							
technical and labour services	17,369	1,723	2,888	4,025	56,785	6,681	30,818
Data processing services	3,605	5,228	969	2,102	1,969	187	3,333
Hosting	73	24	62	24	16	47	34
Other purchased services	18,491	1	7	192	21,329	911	370
Materials and supplies	9,012	1,424	1,054	1,254	9,063	4,400	7,892
Total supplies and services	85,746	12,345	8,804	14,883	394,894	23,194	174,426
Grants:							
Grants to individuals	45	—	3	137,458	—	9	780,169
Grants to businesses	—	57,211	15	592	—	—	—
Grants to non-profit organizations	438	24,555	12	3,820	—	39,716	15,104
Grants to own funds and agencies	3,750	2,186,424	—	198,898	—	556	—
Grants to other levels of government	—	—	—	224,013	29,627	31,315	—
Other grants	525	—	7	34	—	—	—
Total grants	4,758	2,268,190	37	564,815	29,627	71,596	795,273
Purchase of Fixed Assets:							
Purchase of real estate	—	—	—	—	15,366	—	9
Purchase of machinery and equipment	675	166	36	31	4,209	524	273
Purchase of data processing equipment	1,145	736	200	692	22,134	131	587
Purchase of audio-visual equipment	12	—	23	8	13	106	22
Purchase of reproduction equipment	90	25	—	—	—	77	15
Purchase of office equipment	125	39	28	9	(27)	44	95
Purchase of furniture	12	—	6	—	6,053	30	170
Purchase of vehicles	224	—	132	—	3,312	582	6
Purchase of other assets	476	—	9	3,617	(1,069)	108	3
Total purchase of fixed assets	2,759	966	434	4,357	49,991	1,602	1,180
Other:							
Payments to Members of the Legislative Assembly and Executive Council	63	53	48	55	42	42	56
Pension payments	—	—	—	—	—	—	—
Interest and bank charges	—	—	—	2,211	—	—	—
Implementation of guarantees	—	—	—	—	—	—	—
Long term disability income benefits	—	—	—	—	—	—	—
Write-offs and losses	—	—	—	—	—	—	—
Railway relocation project	—	—	—	—	—	—	—
Rural mobile home program	—	—	—	—	—	—	—
Revolving fund losses (profits)	(117)	—	(18)	—	(7,509)	—	—
Total other	(54)	53	30	2,266	(7,467)	42	56
Summary:							
Voted appropriations	\$ 186,215	\$ 2,308,985	\$ 37,899	\$ 618,597	\$ 531,031	\$ 128,840	\$ 1,148,234
Statutory appropriations	(155)	—	(30)	—	16,019	50	—
	\$ 186,060	\$ 2,308,985	\$ 37,899	\$ 618,597	\$ 547,050	\$ 128,890	\$ 1,148,234

GENERAL REVENUE FUND

Schedule 2.14 (cont'd)

DETAILS OF EXPENDITURE BY OBJECT (cont'd)

	Solicitor General	Technology, Research and Telecommunications	Tourism	Transportation and Utilities	Treasury	In thousands Total 1987	Total 1986
Salaries, Wages and Employee Benefits:							
Salaries - permanent positions	\$ 79,889	\$ 1,050	\$ 2,737	\$ 42,781	\$ 25,114	\$ 785,289	\$ 770,296
Salaries - non-permanent positions	4,546	43	1,328	3,084	1,224	74,095	61,534
Wages	3,879	156	813	75,815	1,340	205,654	222,837
Payments to contract employees	175	258	136	380	307	28,464	14,440
Employer contributions	10,179	169	533	10,297	3,279	114,548	102,471
Allowances and benefits	320	17	99	692	175	7,371	7,216
Total salaries, wages and employee benefits	98,988	1,693	5,646	133,049	31,439	1,215,421	1,178,794
Supplies and Services:							
Travel expenses	2,031	269	1,098	7,464	621	62,571	63,648
Maintenance in homes	9	—	—	—	—	116,982	61,956
Advertising	181	294	6,551	1,198	10	14,519	11,962
Insurance	9	—	1	49	8,994	10,254	9,928
Freight and postage	1,119	19	625	933	890	16,718	15,600
Contracts for construction	—	—	—	265,544	—	462,705	471,999
Rentals	2,402	185	149	95,826	270	226,217	233,913
Telephone and communications	565	17	120	2,825	182	52,989	52,842
Repairs and maintenance - machinery and equipment	1,676	4	47	3,186	310	25,106	25,287
Contract services including professional, technical and labour services	83,561	1,224	1,876	14,358	4,971	332,541	303,040
Data processing services	6,403	196	58	4,222	9,403	58,579	62,768
Hosting	8	63	151	32	49	2,373	2,596
Other purchased services	87	—	192	9,998	2,089	54,887	35,990
Materials and supplies	5,997	323	2,360	135,506	1,521	215,952	277,537
Total supplies and services	104,048	2,594	13,228	541,141	29,310	1,652,393	1,629,066
Grants:							
Grants to individuals	—	—	114	19,371	133,824	1,408,271	1,274,966
Grants to businesses	—	301	2,530	13,499	5,000	188,089	182,436
Grants to non-profit organizations	33	2,283	1,366	548	26	219,637	221,972
Grants to own funds and agencies	7,305	41,749	—	51,291	24,322	4,540,723	4,433,330
Grants to other levels of government	31,427	—	1,295	236,977	—	986,324	968,195
Other grants	—	11,853	—	—	—	12,752	5,660
Total grants	38,765	56,186	5,305	321,686	163,172	7,355,796	7,086,559
Purchase of Fixed Assets:							
Purchase of real estate	—	—	—	6,950	23,237	45,706	45,952
Purchase of machinery and equipment	196	1	1	60	—	9,120	15,458
Purchase of data processing equipment	328	329	605	773	661	36,908	18,328
Purchase of audio-visual equipment	43	36	36	9	1	1,052	1,611
Purchase of reproduction equipment	7	3	—	1	16	707	411
Purchase of office equipment	66	6	7	55	13	1,548	2,455
Purchase of furniture	7	—	—	17	—	6,918	7,599
Purchase of vehicles	—	1,500	—	12,263	—	18,537	11,863
Purchase of other assets	74	—	76	3	—	3,712	16,112
Total purchase of fixed assets	721	1,875	725	20,131	23,928	124,208	119,789
Other:							
Payments to Members of the Legislative Assembly and Executive Council	44	46	42	49	42	5,316	4,704
Pension payments	—	—	—	—	17	17	22
Interest and bank charges	—	—	—	—	184,704	187,262	43,173
Implementation of guarantees	—	—	—	—	—	6,164	4,242
Long term disability income benefits	—	—	—	—	—	2	—
Write-offs and losses	—	—	—	—	—	—	5
Railway relocation project	—	—	—	—	—	100	3,360
Rural mobile home program	—	—	—	—	—	—	2,332
Revolving fund losses (profits)	—	—	—	(14,407)	(2,412)	(24,893)	(23,643)
Total other	44	46	42	(14,358)	182,351	173,968	34,195
Summary:	\$242,566	\$ 62,394	\$ 24,946	\$1,001,649	\$430,200	\$10,521,786	\$10,048,403
Voted appropriations	\$242,566	\$ 62,394	\$ 24,946	\$ 996,326	\$201,163	\$10,269,801	\$ 9,974,684
Statutory appropriations	—	—	—	5,323	229,037	251,985	73,719
	\$242,566	\$ 62,394	\$ 24,946	\$1,001,649	\$430,200	\$10,521,786	\$10,048,403

BUDGETARY EXPENDITURE - VALUATION ADJUSTMENTS

	In thousands		
	1987		1986
	Budget	Expenditure	Expenditure
Provision for doubtful accounts and loans	\$50,000	\$84,363	\$ 41,049
Write-off of long-term investments	—	10,000	203,107
Write-down and write-off of marketable securities	—	9	37,992
Amortization of deferred unrealized exchange gains and losses on debt payable in United States dollars	—	(7,480)	909
	<u>\$50,000</u>	<u>\$86,892</u>	<u>\$ 283,057</u>

NET TRANSFER TO THE PENSION FUND

	In thousands						
	Total	Local Authorities Pension Plan Act	Members of the Legislative Assembly Pension Plan Act	Public Service Management Pension Plan Act	Public Service Pension Plan Act	Special Forces Pension Plan Act	Universities Academic Pension Plan Act
Receipts:							
Contributions:							
Employees'	\$173,222	\$ 86,425	\$ -	\$ 12,170	\$ 52,746	\$ 6,915	\$ 14,966
Employers'	196,145	100,292	—	20,552	51,603	7,733	15,965
Members of the Legislative Assembly	417	—	417	—	—	—	—
Province of Alberta	325	—	325	—	—	—	—
Miscellaneous	55	43	—	—	12	—	—
	<u>370,164</u>	<u>186,760</u>	<u>742</u>	<u>32,722</u>	<u>104,361</u>	<u>14,648</u>	<u>30,931</u>
Payments:							
Benefits:							
Pensions and annuities	195,343	91,049	1,850	25,852	58,580	5,988	12,024
Payments to beneficiaries	2,040	820	—	262	862	—	96
	<u>197,383</u>	<u>91,869</u>	<u>1,850</u>	<u>26,114</u>	<u>59,442</u>	<u>5,988</u>	<u>12,120</u>
Withdrawals:							
Contributions and interest in respect of employees leaving service	17,419	9,310	18	416	7,453	187	35
Contributions and interest in respect of employees transferred to other pension authorities without reciprocal agreements	14,361	6,016	17	986	5,100	190	2,052
Contributions and interest in respect of employees transferred to other pension authorities with reciprocal agreements	2,157	648	—	634	537	—	338
Refunds of excess contributions	655	358	4	111	141	11	30
	<u>34,592</u>	<u>16,332</u>	<u>39</u>	<u>2,147</u>	<u>13,231</u>	<u>388</u>	<u>2,455</u>
	<u>231,975</u>	<u>108,201</u>	<u>1,889</u>	<u>28,261</u>	<u>72,673</u>	<u>6,376</u>	<u>14,575</u>
Net transfer to the Pension Fund	<u>\$138,189</u>	<u>\$ 78,559</u>	<u>\$ (1,147)</u>	<u>\$ 4,461</u>	<u>\$ 31,688</u>	<u>\$ 8,272</u>	<u>\$ 16,356</u>
1986 comparative figures	<u>\$134,069</u>	<u>\$ 73,152</u>	<u>\$ (640)</u>	<u>\$ 7,557</u>	<u>\$ 29,018</u>	<u>\$ 9,064</u>	<u>\$ 15,918</u>

GENERAL REVENUE FUND

Schedule 2.17

DETAILS OF GUARANTEES

	In thousands	
	1987	1986
Guaranteed Debentures (Note 1)		
AEC Power Limited (Note 2(c))	\$237,584	\$210,139
Vencap Equities Alberta Ltd.	<u>40,000</u>	<u>40,000</u>
	<u>277,584</u>	<u>250,139</u>
Guaranteed Bank, Treasury Branch and Credit Union Loans (Note 1)		
Students Loan Guarantee Act	104,563	98,329
Farm Credit Stability Fund Act	93,164	—
354713 Alberta Ltd.	87,292	—
Small Business Term Assistance Fund Act	79,319	—
Agricultural Societies Act	21,358	23,047
Feeder associations	12,932	7,687
Export program	8,337	3,958
Ribbon Creek Alpine Village	6,016	—
Time Air Limited	4,500	4,500
Rural utilities loans	3,617	4,012
Small grain dealers program	3,520	3,450
Irrigation Act	3,112	3,521
Edmonton Space Sciences Foundation	1,150	1,383
Farm implement dealers program	1,078	726
Regional Planning Commissions	957	1,012
Department of Culture Act	712	738
Saprae Creek Cooperative Ltd.	521	—
Co-operative marketing associations	93	1,657
Alberta School Trustees' Association Act	55	164
Pine Creek Marine Ltd.	32	—
Government Emergency Guarantee Act	2	100
AEC Power Limited	—	34,994
Southern Frontier Air Transport Ltd. and Southern Frontier Leasing Company Ltd.	—	1,023
Alberta livestock loans	—	7
Dreco Energy Services Ltd.	<u>—</u>	<u>7</u>
	<u>432,330</u>	<u>190,315</u>
Other Guarantees (Note 1)		
Federal Loans:		
Agricultural Societies Act	17,002	17,484
Mortgage Loans:		
University of Alberta	2,686	2,731
Banff Centre for Continuing Education	2,284	2,403
University of Lethbridge	2,203	2,214
University of Calgary	<u>1,810</u>	<u>1,837</u>
	<u>25,985</u>	<u>26,669</u>
Grand Total (Note 2)	<u>\$735,899</u>	<u>\$467,123</u>

Note 1 Guarantees include principal borrowings only and exclude guaranteed interest, the amount of which is not determinable.

Note 2 This amount excludes:

- (a) Guaranteed liabilities of government entities described in the table below, net of sinking funds and intra-governmental holdings:

	1987	1986
Treasury Branches Deposits Fund	\$4,949,254	\$4,435,885
Alberta Municipal Financing Corporation	3,252,894	2,978,072
Alberta Government Telephones Commission	395,329	455,775
Alberta Mortgage and Housing Corporation	131,393	140,925
	<u>\$8,728,870</u>	<u>\$8,010,657</u>

The Treasury Branches Deposits Fund and Alberta Municipal Financing Corporation have substantial financial assets to meet their liabilities. At March 31, 1987 the Treasury Branches Deposits Fund had financial assets of \$5,399,075,000 to meet guaranteed deposits of \$5,564,953,000 (1986 - \$4,399,435,000 and \$4,527,539,000), and Alberta Municipal Financing Corporation had financial assets of \$5,118,264,000 to meet guaranteed debenture debt, net of sinking funds, of \$4,663,858,000 (1986 - \$5,007,580,000 and \$4,669,722,000).

- (b) Any liability under:

the Local Authorities Pension Plan Act, the Members of the Legislative Assembly Pension Plan Act, the Public Service Management Pension Plan Act, the Public Service Pension Plan Act, the Special Forces Pension Plan Act, the Teachers' Retirement Fund Act and the Universities Academic Pension Plan Act
 the long term disability income continuance plan
 the international aid program
 the Workers' Compensation Act.

- (c) Any obligations of the Province relative to the Syncrude project other than the guarantee of \$237,584,000 included in the preceding summary.

- (d) Any liability:

- (1) under an agreement with the Credit Union Stabilization Corporation to indemnify and fund interest to the extent necessary on notes given by a subsidiary of the Corporation in exchange for up to \$350,000,000 in properties purchased from credit unions, and on \$335,000,000 of debentures issued by a subsidiary of the Corporation to credit unions in exchange for stabilization preferred shares of the credit unions.
- (2) under an agreement with the Canada Deposit Insurance Corporation to indemnify the Corporation for loss occurring by reason of its obligation to make payment in respect of any deposit insured by a policy of deposit insurance issued to North West Trust Company, in consideration of which the Corporation paid an amount of \$277,801,000 to North West Trust Company, evidenced by a non-interest bearing promissory note endorsed to Treasury Branches without recourse to the Corporation.
- (3) under an agreement to indemnify North West Trust Company from any loss in the event any of the payment or performance obligations of 354713 Alberta Ltd., a company jointly owned by the Province and Treasury Branches, are not paid or performed. The company was established to finance the purchase of mortgages and real estate from North West Trust Company and Heritage Savings and Trust Company, the operations of which were acquired by North West Trust Company. The main obligations of the company that are covered by the indemnity consist of a note payable to North West Trust Company in the amount of \$62,851,000 and a commitment to purchase up to an additional \$50,000,000 of certain assets of North West Trust Company, subject to the consent of the Province.
- (4) under the Federal Provincial Employment Loans Program, 1971, whereby the Province guaranteed federal loans to municipalities made to finance the acceleration or enlargement of certain capital development projects with the object of stimulating growth in employment, particularly during the winter months. The estimated total of guaranteed loans outstanding under the program at March 31, 1987 was \$2,737,000 (1986 - \$3,081,000).
- (5) of the Province under its guarantee that the contractual obligations of Rocky Mountain Life Insurance Company to the Company's policy holders will be met. At December 31, 1986 the excess of liabilities, excluding amounts due to the Province, over assets of Rocky Mountain Life Insurance Company was \$37,315,000 (1985 - \$2,418,000).
- (6) for future claims on the Alberta General Insurance Company as a result of insurance business transacted to October 31, 1984 when the Company ceased active business operations.
- (7) under section 27(6) of the Public Trustee Act which provides that the Province guarantees that the common fund together with the special reserve fund will be sufficient for the purpose of paying lawful claims that are payable out of the common fund. For the year ended December 31, 1986 the two funds earned \$342,000 less than distributions and administration costs of \$16,563,000 (1985 - \$1,659,000 in excess of distributions and administration costs of \$13,536,000). At December 31, 1986 the total retained earnings of the two funds together amounted to \$14,962,000 (1985 - \$15,304,000).

SECTION 3

1986-87 PUBLIC ACCOUNTS

REVOLVING FUNDS - FINANCIAL STATEMENTS

Contents:	Page
Introduction	3.2
Culture:	
Culture Revolving Fund	3.3
Education:	
Education Revolving Fund	3.8
Environment:	
Water Resources Revolving Fund	3.12
Forestry, Lands and Wildlife:	
Forestry,Lands and Wildlife Revolving Fund	3.15
Labour:	
Personnel Administration Revolving Fund	3.19
Public Works, Supply and Services:	
Public Works, Supply and Services Revolving Fund	3.22
Recreation and Parks:	
Recreation and Parks Revolving Fund	3.28
Transportation and Utilities:	
Gas Alberta Operating Fund	3.31
Transportation Revolving Fund	3.35
Treasury:	
Land Purchase Fund	3.40
Treasury Revolving Fund	3.43

REVOLVING FUNDS - FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

Introduction:

Revolving funds are defined in section 1(1)(u) of the Financial Administration Act. The funds are authorized by the Legislative Assembly to draw from the General Revenue Fund, monies not to exceed a statutory limit at any one time, which together with receipts may be expended for specified purposes. The funds represent either a line of credit to be drawn as required on the General Revenue Fund or a segregation of cash advanced from the General Revenue Fund.

Receipts are generated by the provision of services or sale of materials to other branches within a department, to other departments of the Government or to the public.

The estimated net increase of a fund, exclusive of increases in cash or financial claims held and financial claims on the fund, is disclosed in the Province's budget as a statutory payment from the General Revenue Fund. To reflect this in the accounts of the General Revenue Fund the financial assets and liabilities of revolving funds are included in the Statement of Reported Assets, Liabilities and Net Debt. Net payments from the fund, adjusted for changes in financial assets and liabilities, are disclosed as statutory appropriations in the Statement of Budgetary Revenue and Expenditure, Section 2, Statement 2.2.

CULTURE REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Deficit
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Gross Profit by Sales Location

AUDITOR'S REPORT

To the Minister of Culture and Multiculturalism

I have examined the balance sheet of the Culture Revolving Fund as at March 31, 1987 and the statements of operations and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
July 17, 1987

**CULTURE REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Cash	\$ 9,275	\$ 9,375
Accounts receivable	22,829	4,933
Inventories	126,397	134,982
Prepaid expenses	<u>19,377</u>	<u>17,098</u>
	<u>177,878</u>	<u>166,388</u>
Fixed:		
Equipment, at cost	39,503	40,049
Less: Accumulated depreciation	<u>21,248</u>	<u>15,345</u>
	<u>18,255</u>	<u>24,704</u>
	<u><u>\$196,133</u></u>	<u><u>\$191,092</u></u>
LIABILITIES AND DEFICIT		
Current:		
Accounts payable	\$ 21,077	\$ 42,021
Provincial Treasurer's advance	249,826	186,255
Deficit	<u>(74,770)</u>	<u>(37,184)</u>
	<u><u>\$196,133</u></u>	<u><u>\$191,092</u></u>

The accompanying notes are part
of these financial statements.

REVOLVING FUNDS

CULTURE REVOLVING FUND
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
Sales, Schedule 1	\$745,350	\$733,233
Deduct:		
Cost of goods sold:		
Inventory at beginning of year	134,982	130,828
Purchases	<u>329,997</u>	<u>282,937</u>
	464,979	413,765
Less: Inventory at end of year	<u>126,397</u>	<u>134,982</u>
	338,582	278,783
Gross profit, Schedule 1	406,768	454,450
Expenses:		
Salaries, wages and employee benefits	411,379	430,355
Sales supplies	12,585	12,418
Depreciation	6,271	4,905
Advertising	4,510	—
Laundry	3,417	3,263
Other staff costs	1,824	1,635
Printing and processing	1,467	1,601
Repairs, maintenance and rentals	1,273	1,257
Stationery and office supplies	1,000	1,606
Miscellaneous	<u>628</u>	<u>532</u>
	444,354	457,572
Net loss for the year	37,586	3,122
Deficit at beginning of year	<u>37,184</u>	<u>34,062</u>
Deficit at end of year	<u>\$ 74,770</u>	<u>\$ 37,184</u>

**CULTURE REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Operating activities:		
Net loss for the year	\$ (37,586)	\$ (3,122)
Add items not involving cash movements:		
Depreciation	<u>6,271</u>	<u>4,905</u>
	(31,315)	1,783
Net change in non-cash working capital items related to operations	(32,534)	(678)
Cash provided by (used in) operating activities	<u>(63,849)</u>	<u>1,105</u>
Financing activities:		
Advances from the Provincial Treasurer	794,455	739,132
Repayment of advances from the Provincial Treasurer	<u>(730,884)</u>	<u>(737,003)</u>
Cash provided by financing activities	<u>63,571</u>	<u>2,129</u>
Investing activities:		
Disposal (acquisition) of fixed assets	156	(2,234)
Disposal proceeds	<u>22</u>	<u>—</u>
Cash provided by (used in) investing activities	<u>178</u>	<u>(2,234)</u>
Net increase (decrease) in cash	(100)	1,000
Cash at beginning of year	<u>9,375</u>	<u>8,375</u>
Cash at end of year	<u>\$ 9,275</u>	<u>\$ 9,375</u>

**CULTURE REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

- Note 1 Authority
The Culture Revolving Fund operates under the authority of the Department of Culture and Multiculturalism Act, Chapter D-15, Revised Statutes of Alberta 1980, as amended.
- Note 2 Significant Accounting Policies
Inventories
Inventories are valued at the lower of cost and estimated net realizable value.
Depreciation
Equipment is depreciated on a straight-line basis at rates of 10% and 25% per annum.
- Note 3 Administration Costs
Accommodation, basic office furnishings, and certain other administrative costs have been borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 4 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 5 Approval of Financial Statements
These financial statements were approved by management.

**CULTURE REVOLVING FUND
SCHEDULE OF GROSS PROFIT
BY SALES LOCATION
FOR THE YEAR ENDED MARCH 31, 1987**

	1987			1986		
	Sales	Cost of Sales	Gross Profit	Sales	Cost of Sales	Gross Profit
Jubilee Auditoriums:						
Northern:						
Beverages	\$171,759	\$ 52,439	\$119,320	\$181,916	\$ 51,396	\$130,520
Commissary	102,501	39,954	62,547	108,043	39,687	68,356
	<u>274,260</u>	<u>92,393</u>	<u>181,867</u>	<u>289,959</u>	<u>91,083</u>	<u>198,876</u>
Southern:						
Beverages	158,126	47,558	110,568	186,618	52,049	134,569
Commissary	102,597	48,860	53,737	118,116	52,602	65,514
	<u>260,723</u>	<u>96,418</u>	<u>164,305</u>	<u>304,734</u>	<u>104,651</u>	<u>200,083</u>
	<u>534,983</u>	<u>188,811</u>	<u>346,172</u>	<u>594,693</u>	<u>195,734</u>	<u>398,959</u>
Provincial Museum and Archives:						
Bookshop:						
Books	105,646	66,118	39,528	88,920	55,207	33,713
Publications	1,153	264	889	1,304	1,018	286
Prints and miscellaneous	83,961	75,218	8,743	28,841	19,247	9,594
	<u>190,760</u>	<u>141,600</u>	<u>49,160</u>	<u>119,065</u>	<u>75,472</u>	<u>43,593</u>
Archives:						
Reproduction	19,607	8,171	11,436	19,475	7,577	11,898
	<u>210,367</u>	<u>149,771</u>	<u>60,596</u>	<u>138,540</u>	<u>83,049</u>	<u>55,491</u>
	<u>\$745,350</u>	<u>\$338,582</u>	<u>\$406,768</u>	<u>\$733,233</u>	<u>\$278,783</u>	<u>\$454,450</u>

EDUCATION REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Surplus (Deficit)
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Education

I have examined the balance sheet of the Education Revolving Fund as at March 31, 1987 and the statements of operations and surplus (deficit) and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Education Revolving Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 3, 1987

REVOLVING FUNDS

EDUCATION REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

	1987	1986
ASSETS		
Current:		
Cash	\$ 42,860	\$ 8,111
Accounts receivable	989,106	1,043,794
Inventory	6,845,482	5,691,274
Prepaid expenses	199,728	75,309
	<u>8,077,176</u>	<u>6,818,488</u>
Fixed (Note 3)	<u>739,162</u>	<u>411,453</u>
	<u><u>\$8,816,338</u></u>	<u><u>\$7,229,941</u></u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	\$ 622,115	\$ 284,104
Provincial Treasurer's advance (Note 4)	8,271,507	6,880,556
Surplus (deficit)	<u>(77,284)</u>	<u>65,281</u>
	<u><u>\$8,816,338</u></u>	<u><u>\$7,229,941</u></u>

The accompanying notes are part
of these financial statements.

EDUCATION REVOLVING FUND
STATEMENT OF OPERATIONS AND SURPLUS (DEFICIT)
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Revenue:		
Sales (Note 6)	<u><u>\$19,065,067</u></u>	<u><u>\$18,126,258</u></u>
Deduct: Cost of goods sold:		
Inventory at beginning of year	5,691,274	5,327,108
Purchases	17,699,689	16,413,517
Freight and duty	<u>141,981</u>	<u>129,162</u>
Less: Inventory at end of year	<u>23,532,944</u>	<u>21,869,787</u>
	<u>6,845,482</u>	<u>5,691,274</u>
	<u><u>16,687,462</u></u>	<u><u>16,178,513</u></u>
Gross profit on sales	2,377,605	1,947,745
Sundry revenue	<u>40,028</u>	<u>33,081</u>
	<u><u>2,417,633</u></u>	<u><u>1,980,826</u></u>
Expenses:		
Salaries, wages and contract services	1,673,633	1,592,072
Employee benefits	178,622	162,374
Consultants fees	168,937	62,083
Printing and supplies	164,750	99,286
Depreciation	112,810	93,973
Freight on sales	83,262	83,731
Repairs and maintenance	74,560	40,884
Loss on disposal and retirement of fixed assets	38,853	228
Postage	36,885	36,463
Travel	9,677	13,345
Vehicles	6,907	8,170
Telephone and telegraph	3,454	2,733
Miscellaneous	<u>7,848</u>	<u>8,234</u>
	<u><u>2,560,198</u></u>	<u><u>2,203,576</u></u>
Net loss for the year	(142,565)	(222,750)
Surplus at beginning of year	65,281	288,031
Surplus (deficit) at end of year	<u><u>\$ (77,284)</u></u>	<u><u>\$ 65,281</u></u>

**EDUCATION REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Cash provided by (used in) operating activities:		
Net loss	\$ (142,565)	\$ (222,750)
Add items not involving cash:		
Depreciation	112,810	93,973
Loss on disposal and retirement of fixed assets	<u>38,853</u>	<u>228</u>
	<u>9,098</u>	<u>(128,549)</u>
Net change in non-cash working capital items related to operations	<u>(885,928)</u>	<u>(267,799)</u>
	<u>(876,830)</u>	<u>(396,348)</u>
Cash provided by (used in) financing activities:		
Advances from the Provincial Treasurer	20,881,447	19,197,509
Repayment of advances from the Provincial Treasurer	<u>(19,490,496)</u>	<u>(18,424,560)</u>
	<u>1,390,951</u>	<u>772,949</u>
Cash provided by (used in) investment activities:		
Purchase of fixed assets	(479,710)	(377,741)
Sale of fixed assets	<u>338</u>	<u>290</u>
	<u>(479,372)</u>	<u>(377,451)</u>
Net increase (decrease) in cash	34,749	(850)
Cash at beginning of year	<u>8,111</u>	<u>8,961</u>
Cash at end of year	<u>\$ 42,860</u>	<u>\$ 8,111</u>

REVOLVING FUNDS

EDUCATION REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Education Revolving Fund operates under the authority of the Department of Education Act, Chapter D-17, Revised Statutes of Alberta 1980, as amended. Effective April 11, 1986 the Fund changed its operating name to the Learning Resources Distributing Centre, from the previous operating name of the School Book Branch.

Note 2 Significant Accounting Policies**a) Inventory**

Inventory is valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

b) Depreciation

Fixed assets are depreciated to 10% of cost on a straight-line basis at the following annual rates:

Warehouse and office equipment	10%
Computer hardware and software	20%

Note 3 Fixed Assets

	1987		1986	
	Cost	Accumulated Depreciation	Net	Net
Warehouse and office equipment	\$ 237,969	\$ 61,706	\$176,263	\$ 73,633
Computer hardware and software	<u>927,094</u>	<u>364,195</u>	<u>562,899</u>	<u>337,820</u>
	<u><u>\$1,165,063</u></u>	<u><u>\$425,901</u></u>	<u><u>\$739,162</u></u>	<u><u>\$411,453</u></u>

Note 4 Provincial Treasurer's Advance

Under the provisions of the Department of Education Act and the Financial Administration Act, the Fund receives non-interest bearing advances from the General Revenue Fund as required for operations, to a maximum of \$40,000,000 and repays such advances as monies are received from the sale of learning resources.

Note 5 Commitment

Under the terms of an agreement dated December 13, 1985, the Fund is committed to the payment of \$805,000 for the redevelopment of and revisions to specific learning resources. At March 31, 1987, \$120,500 has been paid and is included in these statements as prepaid expenses.

Note 6 Sales

Sales include \$2,768,789 (1986 \$2,536,102) contributed by the Province of Alberta in respect of an additional discount allowed to school districts and divisions, counties and approved schools in respect of learning resources acquired for loan or rent.

Note 7 Administration Costs

Certain office and warehouse furniture, equipment and accommodation costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

These financial statements were approved by management.

WATER RESOURCES REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Deficit
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Environment

I have examined the balance sheet of the Water Resources Revolving Fund as at March 31, 1987 and the statement of operations and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
June 12, 1987

REVOLVING FUNDS

**WATER RESOURCES REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Current:		
Accounts receivable	\$ 379,617	\$ 385,355
Materials	258,092	304,291
Prepaid expenses	2,149	2,299
	<hr/>	<hr/>
	639,858	691,945
Other:		
Rental equipment (Note 3)	2,917,335	2,925,846
Maintenance and office equipment (Note 4)	55,451	62,175
	<hr/>	<hr/>
	\$3,612,644	\$3,679,966
LIABILITIES AND DEFICIT		
Accounts payable	\$ 161,257	\$ 197,682
Advances from the General Revenue Fund	3,514,140	3,516,247
	<hr/>	<hr/>
	3,675,397	3,713,929
Deficit	(62,753)	(33,963)
	<hr/>	<hr/>
	\$3,612,644	\$3,679,966

The accompanying notes are part
of these financial statements.

**WATER RESOURCES REVOLVING FUND
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Revenue:		
Material and gas sales	\$ 425,307	\$ 307,772
Less: Cost of goods sold	411,782	283,155
	<hr/>	<hr/>
Gross profit on sales	13,525	24,617
Equipment rental	1,930,786	1,928,129
	<hr/>	<hr/>
	1,944,311	1,952,746
Expenses:		
Operation of equipment	1,096,207	1,159,698
Depreciation	519,930	495,569
Equipment rental	320,896	321,786
Repair and maintenance operations	45,127	43,986
Administration	27,639	30,158
	<hr/>	<hr/>
	2,009,799	2,051,197
Operating loss	(65,488)	(98,451)
Gain on disposal of equipment	36,698	25,838
	<hr/>	<hr/>
Deficit for the year	(28,790)	(72,613)
Surplus (deficit) at beginning of year	(33,963)	38,650
Deficit at end of year	<hr/>	<hr/>
	\$ (62,753)	\$ (33,963)

**WATER RESOURCES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Water Resources Revolving Fund operates under the authority of the Water Resources Act, Chapter W-5, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of each type of equipment.

(b) Major overhauls

Major overhauls, significantly extending the life of equipment, are depreciated on a straight-line basis over the remaining useful life of the equipment.

(c) Materials inventory

Materials are valued at weighted average cost.

(d) Leases

All leases with respect to the rental and maintenance of equipment, as lessee or lessor, can be cancelled at the end of any fiscal year and are therefore accounted for as operating leases.

(e) Administration and other costs

Salaries, wages, rental charges for the Edmonton, Lethbridge, Grande Prairie and Peace River warehouses and certain overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

(f) Changes in financial position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Rental Equipment

	<u>1987</u>	<u>1986</u>
Cost	\$6,355,539	\$5,960,148
Accumulated depreciation	<u>3,438,204</u>	<u>3,034,302</u>
	<u>\$2,917,335</u>	<u>\$2,925,846</u>

Note 4 Maintenance and Office Equipment

	<u>1987</u>	<u>1986</u>
Cost	\$231,927	\$207,309
Accumulated depreciation	<u>176,476</u>	<u>145,134</u>
	<u>\$ 55,451</u>	<u>\$ 62,175</u>

Note 5 Approval of Financial Statements

These financial statements were approved by management.

REVOLVING FUNDS

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Deficit
Notes to the Financial Statements
Schedule of Operating Expenses
Schedule of Net Income (Loss)

AUDITOR'S REPORT

To the Minister of Forestry,
Lands and Wildlife

I have examined the balance sheet of the Forestry, Lands and Wildlife Revolving Fund as at March 31, 1987 and the statement of operations and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 30, 1987

**FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Accounts receivable	\$ 187,039	\$ 196,301
Inventories (Note 3)	<u>520,385</u>	<u>565,447</u>
	<u>707,424</u>	<u>761,748</u>
Fixed: (Note 4)		
Equipment, at cost	147,036	139,866
Less: Accumulated depreciation	<u>69,291</u>	<u>33,281</u>
	<u>77,745</u>	<u>106,585</u>
	<u>\$ 785,169</u>	<u>\$ 868,333</u>
LIABILITIES AND DEFICIT		
Current:		
Accounts payable	\$ 134,417	\$ 118,600
Deferred revenue	<u>2,763</u>	<u>957</u>
	<u>137,180</u>	<u>119,557</u>
Provincial Treasurer's advance (Note 5)	698,834	880,978
Deficit	<u>(50,845)</u>	<u>(132,202)</u>
	<u>\$ 785,169</u>	<u>\$ 868,333</u>

The accompanying notes are part
of these financial statements.

**FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
REVENUE		
Sales	\$1,551,831	\$1,448,943
Cost of goods sold	<u>635,144</u>	<u>669,314</u>
Gross profit	916,687	779,629
Thematic services	33,426	59,061
Miscellaneous	<u>29,606</u>	<u>11,142</u>
	<u>979,719</u>	<u>849,832</u>
EXPENDITURE		
Operating expenses, Schedule 1	898,362	982,034
Net income (loss) for the year, Schedule 2	<u>81,357</u>	<u>(132,202)</u>
Deficit at beginning of year	<u>(132,202)</u>	<u>--</u>
Deficit at end of year	<u>\$ (50,845)</u>	<u>\$ (132,202)</u>

REVOLVING FUNDS

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Forestry, Lands and Wildlife Revolving Fund operates under the authority of the Department of Forestry, Lands and Wildlife Act, Chapter D-20.5, Statutes of Alberta 1986. The Revolving Fund commenced operations on April 1, 1985 under the Energy and Natural Resources Act.

Note 2 Significant Accounting Policies**a) Inventories**

Inventories for resale and consumable supplies are valued at the lower of cost or net realizable value.

b) Depreciation

Fixed assets are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

Film processing equipment	3 to 20 years
Data processing and distribution equipment	3 to 5 years

c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Inventories

Inventories are summarized as follows:

	1987	1986
Inventory for resale	\$411,844	\$456,927
Consumable supplies	<u>108,541</u>	<u>108,520</u>
	<u>\$520,385</u>	<u>\$565,447</u>

Note 4 Fixed Assets

Fixed assets are summarized as follows:

	1987		1986	
	Cost	Accumulated Depreciation	Net	Net
Film processing	\$ 71,057	\$29,811	\$41,246	\$ 52,746
Data processing	47,543	24,230	23,313	36,405
Distribution	<u>28,436</u>	<u>15,250</u>	<u>13,186</u>	<u>17,434</u>
	<u>\$147,036</u>	<u>\$69,291</u>	<u>\$77,745</u>	<u>\$106,585</u>

Fixed assets originally purchased by the General Revenue Fund were transferred to the Revolving Fund at the net book value of \$97,476 at April 1, 1985.

Note 5 Provincial Treasurer's Advance

Amounts advanced by the Provincial Treasurer comprise:

	1987	1986
- Advances from the General Revenue Fund	\$ 85,504	\$267,648
- Accounts due to the General Revenue Fund in respect to the inventories and fixed assets transferred from the Department of Forestry Lands and Wildlife	<u>613,330</u>	<u>613,330</u>
	<u>\$698,834</u>	<u>\$880,978</u>

Note 6 Administration Costs

Accommodation, basic office furnishings and certain administrative salary costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 7 Approval of Financial Statements

These financial statements were approved by management.

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Manpower	\$729,725	\$717,228
Supplies	43,812	53,102
Depreciation	36,010	33,281
Professional, technical and labour services	17,377	57,842
Rentals	14,713	23,049
Damaged goods	12,813	10,022
Freight and postage	8,412	3,723
Repairs and maintenance	3,695	5,620
Bad debts	2,607	9,800
Travel	2,185	1,036
Communication	1,703	641
Advertising and promotion	1,183	57,140
Data processing	354	—
Miscellaneous	23,773	9,550
	<u>\$898,362</u>	<u>\$982,034</u>

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
SCHEDULE OF NET INCOME (LOSS)
FOR THE YEAR ENDED MARCH 31, 1987

	1987						1986
	Sales	Cost of Sales	Gross Profit (Loss)	Other Revenue	Operating Expenses	Operating Income (Loss)	
Alberta Bureau of Surveying and Mapping:							
Maps Alberta:							
Maps	\$ 384,863	\$ 94,731	\$290,132	\$ —	\$ 191,273	\$ 98,859	\$ 35,268
Airphotos	497,681	187,094	310,587	—	174,477	136,110	63,188
Warehouse	197,292	102,337	94,955	—	126,822	(31,867)	(12,925)
Administration	—	—	—	27,528	253,565	(226,037)	(274,421)
	<u>1,079,836</u>	<u>384,162</u>	<u>695,674</u>	<u>27,528</u>	<u>746,137</u>	<u>(22,935)</u>	<u>(188,890)</u>
Technical services:							
Laboratory	339,294	132,900	206,394	2,078	120,607	87,865	39,130
Survey data	21,115	—	21,115	—	4,217	16,898	12,268
	<u>360,409</u>	<u>132,900</u>	<u>227,509</u>	<u>2,078</u>	<u>124,824</u>	<u>104,763</u>	<u>51,398</u>
Thematic services	—	—	—	33,426	27,401	6,025	7,209
	<u>1,440,245</u>	<u>517,062</u>	<u>923,183</u>	<u>63,032</u>	<u>898,362</u>	<u>87,853</u>	<u>(130,283)</u>
Public Lands:							
Public grazing services	111,586	118,082	(6,496)	—	—	(6,496)	(1,919)
Operating results of the Fund	<u>\$1,551,831</u>	<u>\$635,144</u>	<u>\$916,687</u>	<u>\$63,032</u>	<u>\$898,362</u>	<u>\$ 81,357</u>	<u>\$(132,202)</u>

PERSONNEL ADMINISTRATION REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister Responsible for
Personnel Administration

I have examined the balance sheet of the Personnel Administration Revolving Fund as at March 31, 1987 and the statements of revenue, expenditure and surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
May 31, 1987

**PERSONNEL ADMINISTRATION REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Accounts receivable	\$106,946	\$188,421
Inventories	<u>141,089</u>	<u>158,837</u>
	<u>248,035</u>	<u>347,258</u>
Fixed:		
Fixed assets, at cost	17,686	11,607
Less: Accumulated depreciation	<u>6,959</u>	<u>3,421</u>
	<u>10,727</u>	<u>8,186</u>
	<u>\$258,762</u>	<u>\$355,444</u>
LIABILITIES AND SURPLUS		
Current:		
Accounts payable	\$ 20,450	\$ 59,156
Provincial Treasurer's advance	<u>28,514</u>	<u>101,150</u>
	<u>48,964</u>	<u>160,306</u>
Surplus	<u>209,798</u>	<u>195,138</u>
	<u>\$258,762</u>	<u>\$355,444</u>

The accompanying notes are part
of these financial statements.

**PERSONNEL ADMINISTRATION REVOLVING FUND
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
REVENUE		
Course fees	<u>\$774,747</u>	<u>\$949,184</u>
EXPENDITURE		
Professional, technical and labour services	525,005	592,831
Materials and supplies	158,907	158,882
Rental of facilities and equipment	51,843	72,572
Travel	17,284	15,137
Freight and postage	1,660	3,867
Depreciation	3,538	2,321
Miscellaneous	<u>1,850</u>	<u>1,390</u>
	<u>760,087</u>	<u>847,000</u>
Excess of revenue over expenditure	<u>14,660</u>	<u>102,184</u>
Surplus at beginning of year	<u>195,138</u>	<u>92,954</u>
Surplus at end of year	<u>\$209,798</u>	<u>\$195,138</u>

REVOLVING FUNDS

**PERSONNEL ADMINISTRATION REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Operating:		
Excess of revenue over expenditure	\$ 14,660	\$ 102,184
Depreciation	3,538	2,321
	<u>18,198</u>	<u>104,505</u>
(Increase) decrease in current assets	99,223	(75,897)
Decrease in accounts payable	(38,706)	(2,284)
Cash provided by operations	<u>78,715</u>	<u>26,324</u>
Investing:		
Purchase of fixed assets	(6,079)	(6,107)
Net decrease in Provincial Treasurer's advance	72,636	20,217
Provincial Treasurer's advance at beginning of year	(101,150)	(121,367)
Provincial Treasurer's advance at end of year	<u>\$ (28,514)</u>	<u>\$(101,150)</u>

**PERSONNEL ADMINISTRATION REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Personnel Administration Revolving Fund operates under the authority of the Public Service Act, Chapter P-31, Revised Statutes of Alberta 1980.

Note 2 Summary of Significant Accounting Policies

(a) Inventory

Inventory is valued at the lower of cost or estimated net realizable value.

(b) Depreciation

Fixed assets are depreciated on a straight line basis at the rate of 20% per annum.

Note 3 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 4 Approval of Financial Statements

These financial statements were approved by management.

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Net Income and Surplus
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Net Income

AUDITOR'S REPORT

To the Minister of
Public Works, Supply and Services

I have examined the balance sheet of the Public Works, Supply and Services Revolving Fund as at March 31, 1987 and the statements of net income and surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 6, 1987

REVOLVING FUNDS

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

	1987	1986
ASSETS		
Current:		
Accounts receivable	\$13,637,970	\$22,289,449
Inventories	4,094,601	4,520,660
Prepaid expenses	681,451	306,403
	<u>18,414,022</u>	<u>27,116,512</u>
Other:		
Deposits on aircraft (Note 3)	13,284,305	11,599,140
Net investment in leases (Note 4)	3,213,566	6,406,261
	<u>16,497,871</u>	<u>18,005,401</u>
Fixed: (Note 5)		
Fixed assets, at cost	99,901,425	85,898,622
Less: Accumulated depreciation	43,225,188	42,386,002
	<u>56,676,237</u>	<u>43,512,620</u>
	<u>\$91,588,130</u>	<u>\$88,634,533</u>
LIABILITIES AND SURPLUS		
Current:		
Accounts payable	\$ 3,456,666	\$ 5,248,037
Provincial Treasurer's advance	65,753,069	56,594,270
Surplus	22,378,395	26,792,226
	<u>\$91,588,130</u>	<u>\$88,634,533</u>

The accompanying notes are part
of these financial statements.

**PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
STATEMENT OF NET INCOME AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Service revenue, Schedule 1	\$59,814,655	\$72,377,194
Gross profit on sales, Schedule 1	<u>4,251,514</u>	<u>5,383,627</u>
	<u>64,066,169</u>	<u>77,760,821</u>
Operating expenses:		
Manpower	19,552,975	21,313,217
Depreciation	11,922,872	10,085,703
Rentals	11,280,945	14,539,438
Repairs and maintenance	5,316,834	5,850,614
Equipment leasing and financing	3,698,178	6,582,541
Telephone and communications	3,276,762	3,834,662
Materials and supplies	2,179,627	2,918,240
Data processing	960,619	874,105
Professional, technical and labour services	727,129	1,040,323
Freight and postage	456,998	679,312
Travel	104,186	155,856
Miscellaneous	38,061	49,540
	<u>59,515,186</u>	<u>67,923,551</u>
Net income, Schedule 1	4,550,983	9,837,270
Surplus at beginning of year	<u>26,792,226</u>	<u>17,179,234</u>
	<u>31,343,209</u>	<u>27,016,504</u>
Remittance to the Provincial Treasurer	8,964,814	224,278
Surplus at end of year	<u>\$22,378,395</u>	<u>\$26,792,226</u>

**PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
OPERATING ACTIVITIES		
Cash from operations:		
Net income	\$ 4,550,983	\$ 9,837,270
Charges (credits) not affecting cash:		
Depreciation	11,922,872	10,085,703
Gain on disposal of fixed assets, net	<u>(109,273)</u>	<u>(814,490)</u>
	<u>16,364,582</u>	<u>19,108,483</u>
Changes in working capital relating to operations:		
Accounts receivable	8,651,479	504,649
Inventories	426,059	226,016
Prepaid expense	(375,048)	55,648
Accounts payable	<u>(1,791,371)</u>	<u>(1,165,761)</u>
Net cash arising from operations	<u>23,275,701</u>	<u>18,729,035</u>
CAPITAL ACTIVITIES		
Deposits on aircraft	(1,685,165)	(2,531,299)
Investment in leases, net	3,192,695	(412,760)
Purchase of fixed assets	(27,491,071)	(17,497,055)
Proceeds on sale of fixed assets	<u>2,513,855</u>	<u>7,680,450</u>
	<u>(23,469,686)</u>	<u>(12,760,664)</u>
Remittance to Provincial Treasurer	<u>(8,964,814)</u>	<u>(224,278)</u>
	<u>(32,434,500)</u>	<u>(12,984,942)</u>
(INCREASE) DECREASE IN PROVINCIAL TREASURER'S ADVANCE	<u>\$ (9,158,799)</u>	<u>\$ 5,744,093</u>

REVOLVING FUNDS

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Public Works, Supply and Services Revolving Fund operates under the authority of the Department of Public Works, Supply and Services Act, Chapter D-25.5, Statutes of Alberta 1983.

Note 2 Significant Accounting Policies**(a) General**

These financial statements reflect all operations of the Department of Public Works, Supply and Services which were financed by the Revolving Fund. The Fund finances part of the operations of Information Services, Supply Management and Properties.

All internal transactions have been eliminated in the preparation of these financial statements.

(b) Administration Expenses

Accommodation, basic office furnishings, certain administrative salaries and other administrative expenses are provided by the General Revenue Fund of the Province of Alberta at no cost and, accordingly, are not reflected in these financial statements.

(c) Depreciation

Fixed assets are depreciated on a straight-line basis over their estimated useful life. The estimated useful life for major asset categories is as follows:

Computer hardware	3 to 6 years
Computer software	3 or 5 years
Automobiles and trucks	3 to 8 years
Aircraft	12 years
Other equipment	5 to 10 years

Major assets within the above categories are periodically reviewed for changes in estimated useful life or salvage value.

(d) Inventories

Inventories are valued at cost.

(e) Leases

During the year, the Fund continued leasing equipment to government users. The cost of the equipment is recovered from the lessees during the lease period. The payments received are deducted from the cost, which is shown on the balance sheet as net investment in leases. For financial presentation purposes the payments received are also included in the income statement as service revenue and as operating expenses.

Leases entered into by the Fund for the rental and maintenance of equipment are accounted for as operating leases.

Note 3 Deposits on Aircraft

Deposits on aircraft relate to progress payments made towards purchase of two aircraft with a total cost of \$13,493,170 in accordance with the latest change order dated April 30, 1987. The final balance of \$208,865 is payable in 1987-88.

Note 4 Net Investment in Leases

Cumulative transactions for the equipment leasing and financing activity were as follows:

	<u>1987</u>	<u>1986</u>
Cost of equipment acquired for leasing	\$16,259,505	\$15,754,021
Less cost of equipment transferred to lessee	<u>4,032,660</u>	<u>—</u>
	<u>12,226,845</u>	<u>15,754,021</u>
Administration charges earned	<u>10,817</u>	<u>17,334</u>
	<u>12,237,662</u>	<u>15,771,355</u>
Less amount received	<u>9,024,096</u>	<u>9,365,094</u>
Total net investment in leases	<u><u>\$ 3,213,566</u></u>	<u><u>\$ 6,406,261</u></u>

The lease payments are receivable during the following years:

	<u>1987</u>	<u>1986</u>
1986-87	\$ —	\$3,634,380
1987-88	2,843,867	2,510,254
1988-89	355,533	261,627
1989-90	<u>14,166</u>	<u>—</u>
	<u><u>\$ 3,213,566</u></u>	<u><u>\$ 6,406,261</u></u>

Note 5 Fixed Assets

Fixed assets are summarized as follows:

	1987		1986	
	Cost	Accumulated Depreciation	Net	Net
Automobiles and trucks	\$41,008,058	\$18,633,334	\$22,374,724	\$24,671,822
Computer hardware	35,825,826	16,854,071	18,971,755	2,871,976
Aircraft	14,946,098	2,122,314	12,823,784	12,974,635
Computer software	5,523,618	3,888,710	1,634,908	1,740,610
Printing and photo-copying equipment	1,558,236	1,018,189	540,047	682,636
Office and general equipment	913,242	643,791	269,451	520,651
Shop equipment	126,347	64,779	61,568	50,290
	<u>\$99,901,425</u>	<u>\$43,225,188</u>	<u>\$56,676,237</u>	<u>\$43,512,620</u>

Note 6 Commitments

The annual rent and maintenance payable for computer hardware by the Fund under long-term agreements in effect is as follows:

	1987	1986
1986-87	\$ —	\$9,297,779
1987-88	3,635,475	2,330,558
1988-89	1,784,527	968,760
1989-90	1,351,509	771,285
1990-91	390,037	294,425

Note 7 Statutory Appropriation

In the Public Accounts of Alberta, the net expenditures of the Revolving Fund are included in the Department of Public Works, Supply and Services' expenditure statements. Because the General Revenue Fund records fixed asset acquisitions as expenditures and does not recognize inventories and prepaid expenses, the following adjustments are required to arrive at the net expenditures reported as the statutory appropriation:

	1987	1986
Net profit for the year	\$ 4,550,983	\$ 9,837,270
Add:		
Depreciation	11,922,872	10,085,703
Increase in inventories and prepaid expenses	51,011	281,664
Decreases (increases) in leasing assets	<u>1,507,530</u>	<u>(2,944,059)</u>
	18,032,396	17,260,578
Deduct:		
Net equipment acquisitions	(25,086,489)	(10,631,095)
Repayment of surplus	(8,964,814)	(224,278)
Statutory appropriation for the year	<u>\$ 16,018,907</u>	<u>\$ (6,405,205)</u>

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

These financial statements were approved by management.

REVOLVING FUNDS

Schedule 1

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
NET INCOME
FOR THE YEAR ENDED MARCH 31, 1987

	1987					1986
	Sales	Cost of Sales	Gross Profit (Loss)	Service Revenue	Operating Expenses	
Computer processing	\$ —	\$ —	\$ —	\$41,206,743	\$37,008,276	\$4,198,467
Computer systems	—	—	—	4,241,442	4,296,854	(55,412)
Telecommunications	—	—	—	3,674,221	3,605,020	69,201
Work orders	4,988,782	4,980,288	8,494	—	67,510	(59,016)
Furniture	2,186,859	2,176,493	10,366	—	—	10,366
Varehousing and distribution	11,195,243	8,918,686	2,276,557	39,123	2,200,720	114,960
Renting services	2,898,390	731,780	2,166,610	175	1,919,847	246,938
Supply equipment	—	—	—	7,503,055	7,548,654	(45,599)
Air transportation	—	—	—	567,439	495,344	72,095
Central micrographics	—	—	—	—	—	(3)
Equipment leasing and financing	—	—	—	—	—	(17,719)
Operating results prior to intra Fund elimination	21,269,274	16,807,247	4,462,027	60,933,360	60,844,404	4,550,983
Intra Fund eliminations	(1,277,494)	(1,066,981)	(210,513)	(1,118,705)	(1,329,218)	—
Operating results of Fund	<u>\$19,991,780</u>	<u>\$15,740,266</u>	<u>\$4,251,514</u>	<u>\$59,814,655</u>	<u>\$59,515,186</u>	<u>\$4,550,983</u>
						<u>\$9,837,270</u>

RECREATION AND PARKS REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Recreation and Parks

I have examined the balance sheet of the Recreation and Parks Revolving Fund as at March 31, 1987 and the statement of operations and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
July 31, 1987

REVOLVING FUNDS

**RECREATION AND PARKS REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Current:		
Accounts receivable	\$ 42,364	\$ 10,186
Inventories	61,402	11,718
	<u>\$103,766</u>	<u>\$ 21,904</u>
LIABILITIES AND SURPLUS		
Current:		
Accounts payable	\$ 10,030	\$ 5,973
Provincial Treasurer's advance	86,283	8,628
	<u>96,313</u>	<u>14,601</u>
Surplus	7,453	7,303
	<u>\$103,766</u>	<u>\$ 21,904</u>

The accompanying notes are part
of these financial statements.

**RECREATION AND PARKS REVOLVING FUND
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986 (5 months)
Sales	<u>\$152,255</u>	<u>\$ 19,813</u>
Deduct cost of goods sold:		
Inventory at beginning of year	11,718	—
Purchases	201,789	24,228
	<u>213,507</u>	<u>24,228</u>
Less: Inventory at end of year	61,402	11,718
	<u>152,105</u>	<u>12,510</u>
Net income	150	7,303
Surplus at beginning of year	7,303	—
Surplus at end of year	<u>\$ 7,453</u>	<u>\$ 7,303</u>

**RECREATION AND PARKS REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Recreation and Parks Revolving Fund operates under the authority of the Department of Recreation and Parks Act, Chapter D-26, Revised Statutes of Alberta 1980, as amended. The Fund commenced activities on November 1, 1985.

Note 2 Significant Accounting Policies and Reporting Practices

Inventories

Inventories are valued at the lower of cost and estimated net realizable value.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Costs

Accommodation, office furniture, salaries and wages and other administrative costs have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Approval of Financial Statements

These financial statements have been approved by management.

REVOLVING FUNDS

GAS ALBERTA OPERATING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of
Transportation and Utilities

I have examined the balance sheet of the Gas Alberta Operating Fund as at March 31, 1987 and the statement of operations and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting for contributions from the Province of Alberta as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
July 17, 1987

**GAS ALBERTA OPERATING FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Operating:		
Current:		
Cash	\$ 7,684,564	\$ 4,350,236
Accounts receivable	11,034,451	13,436,837
Natural gas rebates receivable	<u>701,147</u>	<u>3,254,762</u>
	<u>19,420,162</u>	<u>21,041,835</u>
Trust:		
Cash	<u>142,365</u>	<u>262,450</u>
	<u><u>\$19,562,527</u></u>	<u><u>\$21,304,285</u></u>
LIABILITIES AND SURPLUS		
Operating:		
Current:		
Accounts payable	\$ 5,258,758	\$ 8,495,914
Provincial Treasurer's advance	12,022,000	12,022,000
Due to the Province of Alberta (Note 5)	53,876	78,280
Surplus	<u>2,085,528</u>	<u>445,641</u>
	<u>19,420,162</u>	<u>21,041,835</u>
Trust:		
Amounts due to rural gas co-operative associations	<u>142,365</u>	<u>262,450</u>
	<u><u>\$19,562,527</u></u>	<u><u>\$21,304,285</u></u>

The accompanying notes are part of these financial statements.

**GAS ALBERTA OPERATING FUND
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
REVENUE		
Sale of natural gas	\$31,385,595	\$36,122,944
Billing services revenue	189,639	198,211
Interest	<u>13,200</u>	<u>19,426</u>
	<u>31,588,434</u>	<u>36,340,581</u>
EXPENDITURE		
Purchase of natural gas	29,732,803	38,283,621
Less: Natural gas rebates (Note 7)	<u>3,005,034</u>	<u>6,456,028</u>
	<u>26,727,769</u>	<u>31,827,593</u>
Pipeline operators' charges	3,445,942	4,126,895
Well operators' charges	<u>44,252</u>	<u>69,915</u>
	<u>30,217,963</u>	<u>36,024,403</u>
Operating surplus for the year	1,370,471	316,178
Contribution from the Province of Alberta (Note 4)	269,416	311,636
Surplus for the year	<u>1,639,887</u>	<u>627,814</u>
Surplus (deficit) at beginning of year, as previously reported	523,921	(204,457)
Adjustment due to change in accounting for contributions from the Province of Alberta (Note 3)	<u>(78,280)</u>	<u>22,284</u>
As restated	<u>445,641</u>	<u>(182,173)</u>
Surplus at end of year	<u><u>\$ 2,085,528</u></u>	<u><u>\$ 445,641</u></u>

REVOLVING FUNDS

GAS ALBERTA OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Gas Alberta Operating Fund operates under the authority of the Rural Gas Act, Chapter R-19, Revised Statutes of Alberta 1980, as amended.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) Trust

The Fund operates a retail billing system to provide billing services to certain rural gas co-operative associations. Billing services revenue is included in the Statement of Operations. Cash held and amounts payable by the Fund are disclosed as trust amounts in the balance sheet.

(b) Interest

Interest earned on cash balances is credited to the General Revenue Fund, and is not reflected in these financial statements.

(c) Allowance for doubtful accounts

The Fund provides for specific losses on accounts receivable as well as a general allowance for possible losses.

(d) Changes in financial position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Change in Accounting Policy

During the year the Fund changed the method of accounting for the contribution from the Province of Alberta from a cash basis to an accrual basis. The effects of the change which has been applied retroactively are:

Decrease in surplus (deficit) at beginning of:		
the year ended March 31, 1986	\$ 22,284	
March 31, 1987	<u>78,280</u>	
Decrease in contribution from Province of Alberta for		
the year ended March 31, 1986	<u>\$100,564</u>	

Note 4 Contribution from the Province of Alberta

The contribution from the Province of Alberta is summarized as follows:

	<u>1987</u>	<u>1986</u>						
20% of pipeline and well operators' charges	\$698,039	\$839,362						
Less: Billing services revenue	189,639	198,211						
Interest	13,200	19,426						
80% of costs incurred by Province of Alberta in operation of owned pipeline	<table> <tr> <td>225,784</td> <td style="text-align:center">310,089</td> </tr> <tr> <td>428,623</td> <td style="text-align:center">527,726</td> </tr> <tr> <td><u>\$269,416</u></td> <td style="text-align:center"><u>\$311,636</u></td> </tr> </table>	225,784	310,089	428,623	527,726	<u>\$269,416</u>	<u>\$311,636</u>	
225,784	310,089							
428,623	527,726							
<u>\$269,416</u>	<u>\$311,636</u>							

Note 5 Due to the Province of Alberta

	<u>1987</u>	<u>1986</u>
Contribution due from the Province of Alberta (Note 4)	\$269,416	\$311,636
Less: Amounts received during year	130,000	412,200
Revenues received from operators of owned pipeline	<u>115,012</u>	<u>—</u>
	<u>245,012</u>	<u>412,200</u>
	24,404	(100,564)
Prior year (over) under contribution	<u>(78,280)</u>	<u>22,284</u>
	<u><u>\$ (53,876)</u></u>	<u><u>\$ (78,280)</u></u>

Note 6 Deregulation of Gas Prices

Natural gas prices were deregulated effective November 1, 1986. On an interim basis, Gas Alberta is continuing to purchase gas at the suppliers quoted price pending the renegotiation of gas supply contracts at which time the price will be revised accordingly.

Note 7 Natural Gas Rebates

Natural gas rebates are receivable under the terms of the Natural Gas Rebates Act, Chapter N-5, Revised Statutes of Alberta 1980 and the Natural Gas Pricing Agreement Act, Chapter N-4, Revised Statutes of Alberta 1980. The gross cost of natural gas purchases is reduced by the following rebates:

	<u>1987</u>	<u>1986</u>
Department of Transportation and Utilities, Natural Gas Rebates Fund	\$2,990,234	\$6,364,866
Alberta Petroleum Marketing Commission	<u>14,800</u>	<u>91,162</u>
	<u><u>\$3,005,034</u></u>	<u><u>\$6,456,028</u></u>

Note 8 Administration Costs

Accommodation, basic office furnishings, administrative salaries and other administrative costs incurred in the administration of the Fund and operation of the retail billing system are borne by the General Revenue Fund and are not reflected in these financial statements.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

TRANSPORTATION REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Surplus
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Transportation and Utilities

I have examined the balance sheet of the Transportation Revolving Fund as at March 31, 1987 and the statements of operations and surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 10, 1987

**TRANSPORTATION REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
CURRENT		
Accounts receivable (Note 3)	\$ 9,894,285	\$ 17,023,740
Material inventories (Note 4)	17,678,344	16,654,917
Gravel inventory	30,345,087	27,770,485
Land inventory	9,075,775	5,556,628
	<u>66,993,491</u>	<u>67,005,770</u>
FIXED ASSETS		
Rental equipment, at cost	91,984,026	84,948,589
Accumulated depreciation	<u>54,901,646</u>	<u>51,961,570</u>
	<u>37,082,380</u>	<u>32,987,019</u>
Deferred system development costs	349,750	—
	<u>\$104,425,621</u>	<u>\$ 99,992,789</u>
LIABILITIES AND SURPLUS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,584,571	\$ 18,265,876
Provincial Treasurer's advance	93,901,381	80,464,747
Surplus	<u>5,939,669</u>	<u>1,262,166</u>
	<u>\$104,425,621</u>	<u>\$ 99,992,789</u>

The accompanying notes are part
of these financial statements.

**TRANSPORTATION REVOLVING FUND
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
REVENUE		
Rental revenue	\$37,194,978	\$27,591,034
Inventory sales	21,072,175	21,677,665
Shop labour	<u>1,109,451</u>	<u>805,957</u>
	<u>59,376,604</u>	<u>50,074,656</u>
EXPENDITURE		
Equipment maintenance and operating expenses	22,278,785	25,022,361
Depreciation	8,167,766	8,057,194
Cost of inventory sales	18,870,759	19,697,786
General and administration	6,286,530	4,440,938
	<u>55,603,840</u>	<u>57,218,279</u>
Gain on disposal of equipment	3,772,764	(7,143,623)
	<u>904,739</u>	<u>512,978</u>
NET INCOME (LOSS) FOR THE YEAR	4,677,503	(6,630,645)
SURPLUS AT BEGINNING OF THE YEAR	1,262,166	7,892,811
SURPLUS AT END OF THE YEAR	\$ 5,939,669	\$ 1,262,166

REVOLVING FUNDS

**TRANSPORTATION REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
OPERATING ACTIVITIES		
Cash from operations		
Net income (loss) for the year	\$ 4,677,503	\$ (6,630,645)
Net charges to income which do not reduce cash		
Depreciation	8,167,766	8,057,194
Gain on disposal of equipment	(904,739)	(512,978)
	<u>11,940,530</u>	<u>913,571</u>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	7,129,455	(2,686,253)
Increase in materials inventories	(1,023,427)	(2,983,427)
(Decrease) increase in accounts payable	(13,681,305)	9,982,007
	<u>4,365,253</u>	<u>5,225,898</u>
INVESTMENT ACTIVITIES		
Proceeds from gravel inventory disposals	5,788,269	12,644,082
Proceeds from equipment disposals	1,506,404	734,093
Proceeds from land disposals	2,805,495	4,032,762
Additions to gravel inventory	(8,362,871)	(31,567,735)
Additions to fixed assets	(12,864,792)	(8,794,377)
Systems development costs	(349,750)	—
Purchases of land	(6,324,642)	(6,130,145)
	<u>(17,801,887)</u>	<u>(29,081,320)</u>
INCREASE IN PROVINCIAL TREASURER'S ADVANCE	<u><u>\$13,436,634</u></u>	<u><u>\$(23,855,422)</u></u>

TRANSPORTATION REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Transportation Revolving Fund operates under the authority of the Department of Transportation and Utilities Act, Chapter D-30, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

(a) Basis of Accounting

The Transportation Revolving Fund records revenues and expenditures on the accrual basis.

(b) Inventory

The Transportation Revolving Fund is used to finance the acquisition of gravel and land to be used by the Department of Transportation and Utilities. All expenditures made by the Fund for gravel and land are held in inventory and are recoverable from the Department.

Gravel inventory is valued at cost less billings to the Department.

Land inventory is valued at cost less recoveries from third party rentals.

Material inventories are valued at the lower of cost and net realizable value. Portions of lumber and petroleum product inventories are held by third parties.

(c) Fixed Assets

Fixed assets are recorded at cost.

Rental equipment is depreciated on a straight-line basis with the exception of 3/4 ton trucks which are depreciated on the basis of kilometers used. The approximate useful life of major equipment categories is as follows:

Light trucks	4 or 5 years
Heavy trucks	7 or 10 years
Graders, tractors, loaders, trailers and cranes	10 or 15 years

Shop equipment is depreciated on a 20% declining balance.

(d) Deferred Systems Development Costs

Development costs relating to the Equipment Management System are deferred. These costs will be amortized commencing in the year that system development is completed.

Note 3 Accounts Receivable

Accounts receivable are summarized as follows:

	<u>1987</u>	<u>1986</u>
Trade accounts receivable	\$8,333,330	\$17,023,740
Recoverable from the Department of Transportation and Utilities	<u>1,560,955</u>	<u>—</u>
	<u>\$9,894,285</u>	<u>\$17,023,740</u>

Note 4 Material Inventories

Material inventories are summarized as follows:

	<u>1987</u>	<u>1986</u>
Parts and supplies	\$14,612,623	\$13,507,267
Lumber	2,216,916	1,980,738
Work in progress	529,724	750,904
Petroleum products	319,081	416,008
	<u>\$17,678,344</u>	<u>\$16,654,917</u>

EVOLVING FUNDS

Note 5 General and Administration Expenses

Repair shops, warehouse facilities, head office accommodations, basic office equipment and furnishings and certain salaries and wages are provided by the Province of Alberta at no cost to the Fund, and accordingly, are not reflected in these financial statements.

Note 6 Statutory Appropriation

In the Public Accounts of Alberta, the net expenditures of the Revolving Fund are included in the Department of Transportation and Utilities expenditure statements. Because the General Revenue Fund records fixed asset acquisitions as expenditures and does not recognize inventories, the following adjustments are required to arrive at the net expenditures reported as the statutory appropriation in the Public Accounts:

Net profit for the year	\$(4,677,503)
Net equipment acquisitions	12,263,127
Systems development costs	349,750
Net increase in inventories:	
Materials	1,023,427
Land	3,519,147
Gravel	<u>2,574,602</u>
	<u>15,052,550</u>
Less: Depreciation	<u>8,167,766</u>
Statutory appropriation for the year	<u><u>\$ 6,884,784</u></u>

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

LAND PURCHASE FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Land Purchase Fund as at March 31, 1987 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 8, 1987

REVOLVING FUNDS

LAND PURCHASE FUND
BALANCE SHEET
MARCH 31, 1987

	1987	1986
ASSETS		
Cash	\$ 5,019,926	\$ 24,925,495
Accounts receivable	49,503	220,339
Land and buildings inventory	<u>259,182,318</u>	<u>235,944,987</u>
	<u>\$264,251,747</u>	<u>\$261,090,821</u>
LIABILITIES AND RETAINED EARNINGS		
Liabilities:		
Accounts payable	\$ 2,009,517	\$ 1,026,602
Mortgage payable	—	280,000
Payable to the General Revenue Fund:		
Current account	87,519	33,451
Advances	<u>253,000,000</u>	<u>253,000,000</u>
	<u>255,097,036</u>	<u>254,340,053</u>
Retained earnings	<u>9,154,711</u>	<u>6,750,768</u>
	<u>\$264,251,747</u>	<u>\$261,090,821</u>

The accompanying notes are part
of these financial statements.

LAND PURCHASE FUND
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Income:		
Rental income	\$ 642,435	\$ 988,109
Rental expense and mortgage interest	<u>199,044</u>	<u>323,519</u>
Net rental income	<u>443,391</u>	<u>664,590</u>
Interest received on transfer of land to the General Revenue Fund	1,953,450	5,143,335
Other	7,102	—
Net income	<u>2,403,943</u>	<u>5,807,925</u>
Retained earnings at beginning of year	<u>6,750,768</u>	<u>5,273,950</u>
	<u>9,154,711</u>	<u>11,081,875</u>
Remittance to the General Revenue Fund	—	4,331,107
Retained earnings at end of year	<u>\$9,154,711</u>	<u>\$ 6,750,768</u>

**LAND PURCHASE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Operating transactions:		
Net income	\$ 2,403,943	\$ 5,807,925
Increase (decrease) in payables	1,036,983	(6,761,559)
Decrease in receivables	170,836	2,458
Reimbursement from the General Revenue Fund		
Fund of cost of land transferred thereto	2,412,143	11,499,772
Acquisitions of land	(25,649,474)	(21,210,989)
Cash required for operating transactions	<u>(19,625,569)</u>	<u>(10,662,393)</u>
Financing transactions:		
Decrease in mortgage payable	(280,000)	—
Advances from the General Revenue Fund	—	30,000,000
Remittance of retained earnings to the General Revenue Fund	—	(4,331,107)
Cash provided by (required for) financing transactions	<u>(280,000)</u>	<u>25,668,893</u>
Increase (decrease) in cash	(19,905,569)	15,006,500
Cash at beginning of year	24,925,495	9,918,995
Cash at end of year	<u>\$ 5,019,926</u>	<u>\$ 24,925,495</u>

**LAND PURCHASE FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Land Purchase Fund operates under the authority of the Government Land Purchases Act, Chapter G-8, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

Land and buildings are carried at cost less proceeds of sundry disposals. The Act provides that, if money is voted by the Legislature for the purpose of reimbursing the Fund, the Provincial Treasurer may order the transfer from the supply vote to the Fund of an amount which includes the cost of each acquisition and interest thereon determined by the Provincial Treasurer. The reimbursement is reflected in these financial statements at the time of transfer.

Note 3 Interest Income

Interest income earned on cash deposits is credited directly to the General Revenue Fund and is not reflected in these financial statements.

Note 4 Administration Costs

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 5 Contingencies

Claims pending in respect of additional compensation for land acquired under expropriation proceedings amounted to \$26,188,000 (1986 - \$9,441,600). The actual liability, if any, cannot be determined until expropriation proceedings are completed.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

REVOLVING FUNDS

**TREASURY REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987**

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Notes to the Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Treasury Revolving Fund as at March 31, 1987 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
July 22, 1987

**TREASURY REVOLVING FUND
BALANCE SHEET
MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Accounts receivable (Note 3)	<u>\$135,729</u>	<u>\$150,519</u>
Fixed: (Note 4)		
Fixed assets, at cost	<u>26,618</u>	<u>22,623</u>
Less: Accumulated depreciation	<u>12,758</u>	<u>5,024</u>
	<u>13,860</u>	<u>17,599</u>
	<u>\$149,589</u>	<u>\$168,118</u>
LIABILITIES		
Current:		
Accounts payable	<u>\$ 92,390</u>	<u>\$ 26,949</u>
Advances from the General Revenue Fund	<u>57,199</u>	<u>141,169</u>
	<u>\$149,589</u>	<u>\$168,118</u>

The accompanying notes are part
of these financial statements.

**TREASURY REVOLVING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Service revenue (Note 5)	<u>\$ 488,599</u>	<u>\$2,567,212</u>
Expenditure:		
Salaries, wages and benefits	<u>\$ 389,185</u>	<u>\$ 415,404</u>
Services	<u>56,851</u>	<u>2,114,925</u>
Materials and supplies	<u>12,641</u>	<u>9,214</u>
Bank charges	<u>11,376</u>	<u>10,487</u>
Travel, freight, postage and telephone	<u>10,812</u>	<u>12,770</u>
Depreciation	<u>7,734</u>	<u>4,412</u>
	<u>\$ 488,599</u>	<u>\$2,567,212</u>

TREASURY REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Treasury Revolving Fund operates under the authority of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended. The Act was amended during the year precluding the Fund from providing insurance services.

Note 2 Significant Accounting Policies and Reporting Practices**Depreciation**

Fixed assets are depreciated on a straight-line basis over the estimated useful life of the assets. The estimated useful life for each fixed asset category is as follows:

Computer hardware and software	3 years
Office equipment	5 years

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Accounts Receivable

Accounts receivable consist of the following:

	<u>1987</u>	<u>1986</u>
Alberta Municipal Financing Corporation	\$ 83,333	\$ 83,077
General Revenue Fund	35,493	33,954
Alberta Government Telephones Commission	16,903	24,113
Other	<u>—</u>	<u>9,375</u>
	<u>\$135,729</u>	<u>\$150,519</u>

Note 4 Fixed Assets

Fixed assets are summarized as follows:

	<u>1987</u>	<u>1986</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	\$21,780	\$12,003	\$ 9,777	\$17,037
Office equipment	<u>4,838</u>	<u>755</u>	<u>4,083</u>	<u>562</u>
	<u>\$26,618</u>	<u>\$12,758</u>	<u>\$13,860</u>	<u>\$17,599</u>

Note 5 Segmented Information

Segmented information on service revenue is as follows:

	<u>1987</u>	<u>1986</u>
Securities administration	\$261,849	\$ 271,250
Corporate management	226,750	233,183
Insurance	<u>—</u>	<u>2,062,779</u>
	<u>\$488,599</u>	<u>\$2,567,212</u>

Note 6 Administration Costs

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 7 Approval of Financial Statements

These financial statements were approved by management.



SECTION 4

1986-87 PUBLIC ACCOUNTS

REGULATED FUNDS - FINANCIAL STATEMENTS

Contents:	Page	
Introduction	4.2	
Agriculture: The Horned Cattle Purchases Act Trust Account	4.3	
Education: School Foundation Program Fund	4.5	
Energy: Alberta Petroleum Incentives Program Fund	4.8	
Forestry, Lands and Wildlife: Forest Development Research Trust Fund	4.11	
Hospitals and Medical Care: Health Care Insurance Fund	4.14	
Municipal Affairs: Alberta Planning Fund	4.18	
Solicitor General: Motor Vehicle Accident Claims Fund	4.21	
Transportation and Utilities: Rural Electrification Revolving Fund	4.24	
Treasury: Alberta Capital Fund	4.28	
	Alberta Heritage Foundation for Medical Research Endowment Fund	4.34
	Alberta Heritage Savings Trust Fund	4.39
	Alberta Heritage Scholarship Fund	4.51
	Alberta Provincial Corporation Loan Fund	4.56
	Farm Credit Stability Fund	4.60
	Pension Fund	4.65
	Small Business Term Assistance Fund	4.71
Other Regulated Funds - Summary Financial Statements	4.77	

REGULATED FUNDS - FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

Introduction:

Section 1(1)(s) of the Financial Administration Act defines a regulated fund as "a fund containing public money except public money

- (i) forming part of the General Revenue Fund,
- (ii) received by a revenue officer for deposit in the General Revenue Fund that has not been deposited in the General Revenue Fund, or
- (iii) owned or held by a Provincial agency, but does not include a revolving fund or the Treasury Branches Deposits Fund".

Regulated funds are comprised of public money that is not part of the General Revenue Fund because of its special disposition by the Legislature, or public money that has been paid out of the General Revenue Fund into a designated fund by authority of an Act of the Legislature or a supply vote.

That part of a regulated fund that is made up of payments under a supply vote, that is not charged with a liability at the fiscal year end, lapses and is returned to the General Revenue Fund.

Trust funds are included in the definition of regulated funds but, because they represent funds over which the Legislature has no power of appropriation, they are not included in the consolidated financial statements of the Province; they are shown separately in Section 8 - Trust Funds.

Regulated funds exclusive of trust funds are included in the consolidated financial statements of the Province, after adjustment of the accounts to the same basis of accounting as used for the General Revenue Fund.

THE HORNED CATTLE PURCHASES ACT TRUST ACCOUNT
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Agriculture

I have examined the balance sheet of the Horned Cattle Purchases Act Trust Account as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
June 26, 1987

**THE HORNED CATTLE PURCHASES ACT TRUST ACCOUNT
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Cash	\$ 890,113	\$1,060,162
Grant refund receivable (Note 3)	3,835	—
	<u>\$ 893,948</u>	<u>\$1,060,162</u>
UNEXPENDED FUNDS		
Unexpended funds	<u>\$ 893,948</u>	<u>\$1,060,162</u>

The accompanying notes are part of these financial statements.

**THE HORNED CATTLE PURCHASES ACT TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
REVENUE		
Interest	<u>\$ 88,951</u>	<u>\$ 117,153</u>
EXPENDITURE		
Grants:		
Stockmen's Memorial Foundation	100,000	100,000
Department of Agriculture, Animal Health Division	—	91,800
Cattle Market Information Service, Alberta Cattle Commission (Note 3)	89,915	87,211
The University of Alberta, Department of Animal Science	65,000	65,000
Highwood Livestock Auction	<u>250</u>	<u>—</u>
	<u>255,165</u>	<u>344,011</u>
Excess of expenditure over revenue	<u>166,214</u>	<u>226,858</u>
Unexpended funds at beginning of year	<u>1,060,162</u>	<u>1,287,020</u>
Unexpended funds at end of year	<u>\$ 893,948</u>	<u>\$1,060,162</u>

**THE HORNED CATTLE PURCHASES ACT TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Horned Cattle Purchases Act Trust Account operates under the authority of the Horned Cattle Purchases Act, Chapter H-10, Revised Statutes of Alberta 1980, as amended.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Cattle Market Information Service, Alberta Cattle Commission

	<u>1987</u>	<u>1986</u>
The grant comprises:		
Operating grant for current year	\$ 87,450	\$ 89,394
Development grant for current year	6,300	8,350
Refund by the Alberta Cattle Commission of the excess of the development grant of the prior year over development expenditures	(3,835)	(10,533)
	<u>\$ 89,915</u>	<u>\$ 87,211</u>

Note 4 Approval of Financial Statements

These financial statements have been approved by management.

SCHOOL FOUNDATION PROGRAM FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Equity
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Education

I have examined the balance sheet of the School Foundation Program Fund as at March 31, 1987 and the statement of revenue, expenditure and fund equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 17, 1987

SCHOOL FOUNDATION PROGRAM FUND
BALANCE SHEET
MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Cash	\$3,383,404	\$1,371,774
Levies receivable from municipalities	466,232	—
Due from school authorities	129,076	—
Due from the General Revenue Fund	<u>1,265,000</u>	<u>2,200,000</u>
	<u>\$5,243,712</u>	<u>\$3,571,774</u>
LIABILITIES AND FUND EQUITY		
Current:		
Grants payable	\$5,104,989	\$3,570,652
Fund equity	<u>138,723</u>	<u>1,122</u>
	<u>\$5,243,712</u>	<u>\$3,571,774</u>

The accompanying notes are part
of these financial statements.

SCHOOL FOUNDATION PROGRAM FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
REVENUE		
Contributions from the General Revenue Fund,		
Department of Education	\$ 928,468,600	\$ 868,605,500
Contributions from municipalities on		
equalized assessment	<u>141,276,819</u>	<u>147,984,154</u>
	<u>1,069,745,419</u>	<u>1,016,589,654</u>
EXPENDITURE		
Grants to school authorities, in respect of years ended:		
December 31, 1987	261,278,840	—
December 31, 1986	805,286,024	248,695,672
December 31, 1985 and prior	<u>3,042,954</u>	<u>767,892,860</u>
	<u>1,069,607,818</u>	<u>1,016,588,532</u>
Excess of revenue over expenditure	137,601	1,122
Fund equity at beginning of year	<u>1,122</u>	—
Fund equity at end of year	<u>\$ 138,723</u>	<u>\$ 1,122</u>

SCHOOL FOUNDATION PROGRAM FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The School Foundation Program Fund operates under the authority of the School Act, Chapter S-3, Revised Statutes of Alberta 1980.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Expenses

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA PETROLEUM INCENTIVES PROGRAM FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Energy

I have examined the balance sheet of the Alberta Petroleum Incentives Program Fund as at March 31, 1987 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Edmonton, Alberta
July 24, 1987

Auditor General

REGULATED FUNDS

**ALBERTA PETROLEUM INCENTIVES PROGRAM FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Current:		
Cash	\$ 2,550,338	\$ 2,673,623
Incentive grant overpayments receivable (Note 3)	25,716,214	26,032,829
Due from the General Revenue Fund	<u>29,558,201</u>	<u>255,031,089</u>
	<u>\$57,824,753</u>	<u>\$283,737,541</u>
LIABILITIES		
Current:		
Incentive grants payable	<u>\$57,824,753</u>	<u>\$283,737,541</u>
	<u>\$57,824,753</u>	<u>\$283,737,541</u>

The accompanying notes are part
of these financial statements.

**ALBERTA PETROLEUM INCENTIVES PROGRAM FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
REVENUE		
Transfer of non-renewable resource revenue from the General Revenue Fund	\$231,139,766	\$490,760,054
Interest	6,534,036	6,355,678
Fees for advance rulings	<u>—</u>	<u>3,625</u>
	<u>237,673,802</u>	<u>497,119,357</u>
EXPENDITURE		
Incentive grants:		
Exploration	111,895,613	239,860,150
Development	53,473,859	119,685,818
Geophysical	31,383,020	49,339,868
Unit agreement	5,807,940	11,724,325
Asset cost	5,171,804	10,747,298
Overhead allowance	<u>23,181,467</u>	<u>57,156,084</u>
	<u>230,913,703</u>	<u>488,513,543</u>
Administration expenses (Note 4)	6,612,653	7,669,268
Provision for doubtful debts	<u>147,446</u>	<u>936,546</u>
	<u>237,673,802</u>	<u>497,119,357</u>
	<u>\$ —</u>	<u>\$ —</u>

**ALBERTA PETROLEUM INCENTIVES PROGRAM FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Petroleum Incentives Program Fund operates under the authority of the Petroleum Incentives Program Act, Chapter P-4.1, Statutes of Alberta 1981. Incentive grants are not payable in respect of costs and expenses incurred after December 31, 1986. The final date for filing applications for grants is December 31, 1987.

Note 2 Significant Accounting Policies and Reporting Practices

General

These statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to administration expense (Note 4).

Incentive grants

Incentive grant applications received after the year end of the Fund but prior to July 1, are accrued.

Accrued grant applications are recorded at 89.2% (1986 - 87.2%) of the amount claimed unless the applications have been subjected to full assessment procedures. This adjustment is based on the reduction in the amount claimed that normally occurs during the assessment process.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Incentive Grant Overpayments Receivable

Incentive grant overpayments receivable includes accrued interest and is net of an allowance for doubtful accounts amounting to \$7,288,007 (1986 \$7,655,266).

Note 4 Administration Expenses

Administration expenses are charged to the Fund pursuant to section 3(8) of the Act. Costs incurred during the year ended March 31, 1987 by the General Revenue Fund in connection with the administration of the Fund are summarized below:

	<u>1987</u>	<u>1986</u>
Salaries, wages and payments to contract employees	\$3,822,077	\$4,193,377
Professional, technical and labour services	1,759,948	1,816,608
Employee benefits	432,967	456,832
Materials and supplies	155,209	181,208
Data processing services	136,403	604,977
Repairs and maintenance	122,947	110,387
Equipment purchases	55,310	179,344
Travel expenses	41,182	31,749
Allowances and supplementary benefits	40,402	40,841
Freight and postage	21,118	15,157
Rentals	12,136	19,774
Telephone and communications	10,326	8,776
Hospitality	2,628	4,004
Advertising	—	6,234
	<u>\$6,612,653</u>	<u>\$7,669,268</u>

Note 5 Approval of Financial Statements

These financial statements have been approved by management.

REGULATED FUNDS

FOREST DEVELOPMENT RESEARCH TRUST FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Council of the Forest Development
Research Trust Fund

I have examined the balance sheet of the Forest Development Research Trust Fund as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
July 30, 1987

**FOREST DEVELOPMENT RESEARCH TRUST FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Cash	<u>\$178,113</u>	<u>\$178,225</u>
LIABILITIES		
Current:		
Research grants payable	\$ 48,144	\$ 61,535
Accounts payable	690	575
Unexpended funds	<u>129,279</u>	<u>116,115</u>
	<u>\$178,113</u>	<u>\$178,225</u>

The accompanying notes are part
of these financial statements.

**FOREST DEVELOPMENT RESEARCH TRUST FUND
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
REVENUE		
Contributions by the Province of Alberta (Note 3)	\$100,000	\$100,000
Interest	16,959	18,300
Donations	<u>—</u>	<u>115</u>
	<u>116,959</u>	<u>118,415</u>
EXPENDITURE		
Research grants	103,105	127,851
Council members' fees and expenses	690	575
	<u>103,795</u>	<u>128,426</u>
Excess of revenue over expenditure	13,164	(10,011)
Unexpended funds at beginning of year	<u>116,115</u>	<u>126,126</u>
Unexpended funds at end of year	<u><u>\$129,279</u></u>	<u><u>\$116,115</u></u>

**FOREST DEVELOPMENT RESEARCH TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Forest Development Research Trust Fund operates under the authority of the Forest Development Research Trust Fund Act, Chapter F-13, Revised Statutes of Alberta 1980.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Contributions by the Province of Alberta

The Department of Forestry, Lands and Wildlife provides contributions annually for research and council members' expenditure incurred by the Fund. Where expenditure is less than the contributions in any given year, the balance is repayable to the General Revenue Fund.

Note 4 Administration Expenses

Salaries, accommodation, and other administrative costs incurred in the administration of the Fund are borne by the General Revenue Fund and are not reflected in these financial statements.

Note 5 Commitments

As at March 31, 1987, the Fund had research grant commitments totalling \$134,020 (1986 \$112,235).

Note 6 Approval of Financial Statements

These financial statements were approved by management.

HEALTH CARE INSURANCE FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Hospitals and
Medical Care

I have examined the balance sheet of the Health Care Insurance Fund as at March 31, 1987 and the statement of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
July 31, 1987

REGULATED FUNDS

**HEALTH CARE INSURANCE FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Cash	\$ 85,590,565	\$ 58,053,121
Accounts receivable (Note 3)	26,668,024	21,159,003
Due from the Province of Alberta	—	8,496,063
	<u>\$112,258,589</u>	<u>\$ 87,708,187</u>
LIABILITIES		
Current:		
Bank indebtedness	\$ 4,664,199	\$ 82,167
Accounts payable	2,439,091	1,910,956
Overpayment of Government of Canada contributions	5,714,272	—
Unexpended funds due to the Province of Alberta	12,409,238	—
Premiums received in advance	1,791,789	2,415,064
Estimated liability for unprocessed and unpresented claims (Note 4)	85,240,000	83,300,000
	<u>\$112,258,589</u>	<u>\$ 87,708,187</u>

The accompanying notes are part of these financial statements.

**HEALTH CARE INSURANCE FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Revenue:		
Premiums earned, net	\$208,654,535	\$204,718,364
Government of Canada contributions (Note 5)	115,049,504	116,186,168
Interest	4,574,858	6,011,148
	<u>328,278,897</u>	<u>326,915,680</u>
Expenditure:		
Basic health services:		
Medical	604,497,045	549,264,455
Chiropractic	23,592,183	21,524,652
Physical therapy	18,336,778	15,029,097
Oral surgery	17,855,190	13,488,049
Optometric	10,154,283	9,094,046
Podiatric	3,125,971	2,887,317
	<u>677,561,450</u>	<u>611,287,616</u>
Optional health services, Alberta		
Blue Cross Plan	101,009,055	87,145,508
Extended health benefits	33,539,168	29,331,987
Out of province hospital costs	19,132,250	21,939,583
Continuing medical education fund contributions	1,678,804	1,623,780
Location incentives	1,293,688	1,556,269
Disability fund contributions	609,244	—
	<u>834,823,659</u>	<u>752,884,743</u>
Excess of expenditure over revenue for the year	506,544,762	425,969,063
Deduct:		
Contributions by the Province of Alberta	506,544,762	425,969,063
	<u>\$ —</u>	<u>\$ —</u>

**HEALTH CARE INSURANCE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Funds were provided from:		
Advances by the Province of Alberta for current year	\$518,954,000	\$417,473,000
Payment by Province of Alberta for prior year receivables	8,496,063	—
Recoverable payments:		
Hospital costs, reciprocal agreements	38,732,673	35,608,734
Reimbursements from Workers' Compensation Board	12,813,784	8,453,486
Department of Community and Occupational Health sessional payments	5,251,302	5,215,219
Overpayment of Government of Canada contributions	5,714,272	—
Increase (decrease) in estimated liability for unprocessed and unpresented claims	1,940,000 528,135	(1,263,000) (2,369,208)
Increase (decrease) in accounts payable	<u>592,430,229</u>	<u>463,118,231</u>
Funds were applied to:		
Excess of expenditure over revenue	506,544,762	425,969,063
Payments made on behalf of:		
Hospital costs, reciprocal agreements	43,052,582	35,751,605
Workers' Compensation Board	11,954,789	9,344,808
Department of Community and Occupational Health sessional payments	5,797,602	5,092,412
Reimbursement of unexpended funds to the Province of Alberta	—	6,245,249
Increase in premiums receivable and other accounts receivable	1,501,807	477,827
Decrease (increase) in premiums received in advance	623,275 <u>569,474,817</u>	(226,305) <u>482,654,659</u>
Increase (decrease) in funds	22,955,412	(19,536,428)
Funds at beginning of year	<u>57,970,954</u>	<u>77,507,382</u>
Funds at end of year	<u>\$ 80,926,366</u>	<u>\$ 57,970,954</u>
Represented by:		
Cash	\$ 85,590,565	\$ 58,053,121
Bank indebtedness	(4,664,199)	(82,167)
	<u>\$ 80,926,366</u>	<u>\$ 57,970,954</u>

HEALTH CARE INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Health Care Insurance Fund operates under the authority of the Alberta Health Care Insurance Act, Chapter A-24, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

Government of Canada Contributions

Government of Canada contributions are received pursuant to provisions of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 (Canada) and represent amounts deemed by the Provincial Treasurer to be contributions to the Province of Alberta with respect to health care. These contributions are subject to adjustments and due to the unavailability of information regarding adjustments to previous years' contributions, or to the current year's contributions, this source of revenue is reported on the basis of amounts received during the year.

Note 3 Accounts Receivable

Accounts receivable consist of the following:

	<u>1987</u>	<u>1986</u>
Premiums, less allowance for uncollectible accounts and adjustments	\$16,500,377	\$14,735,348
Hospital costs, reciprocal agreements	6,577,655	2,257,746
Department of Community and Occupational		
Health sessional payments	2,338,133	1,791,833
Workers' Compensation Board payments	1,025,704	1,884,699
Other	226,155	489,377
	<u>\$26,668,024</u>	<u>\$21,159,003</u>

Note 4 Estimated Liability for Unprocessed and Unpresented Claims

The estimated liability for unprocessed and unpresented claims consists of the following:

	<u>1987</u>	<u>1986</u>
Basic health services	\$61,096,000	\$57,832,000
Optional health services, Alberta		
Blue Cross Plan	12,000,000	11,600,000
Out of province hospital costs	5,494,000	7,952,000
Extended health benefits	3,710,000	3,202,000
Location incentives	2,940,000	2,714,000
	<u>\$85,240,000</u>	<u>\$83,300,000</u>

The amounts pertaining to basic health services, out of province hospital costs and extended health benefits consist of actual payments during April and May for service dates prior to April 1 together with an estimated additional liability based on historical information about the relationships between service and payment dates. The amounts pertaining to optional health services, Alberta Blue Cross Plan have been determined from information provided by the Plan. The amounts for location incentives are based on claim submissions for earlier program years.

Note 5 Government of Canada Contributions

Government of Canada contributions consist of the following:

	<u>1987</u>	<u>1986</u>
Contributions pertaining to the current fiscal year	\$121,231,776	\$112,071,168
Adjustments pertaining to previous fiscal years	(6,182,272)	4,115,000
	<u>\$115,049,504</u>	<u>\$116,186,168</u>

As a result of the Province of Alberta legislating an end to extra billing by medical practitioners effective October 1, 1986, the Government of Canada refunded to the Province \$22,953,000. This amount, withheld as a financial penalty pursuant to the Canada Health Act, included \$5,628,000 in respect of the current year and was deposited in, and retained by, the General Revenue Fund of the Province.

Note 6 Administration Expenses

Costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 7 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA PLANNING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Equity
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Alberta
Planning Board

I have examined the balance sheet of the Alberta Planning Fund as at March 31, 1987 and the statement of revenue, expenditure and fund equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
May 22, 1987

EGULATED FUNDS

ALBERTA PLANNING FUND
BALANCE SHEET
MARCH 31, 1987

	1987	1986
ASSETS		
Cash	\$1,842,037	\$2,787,341
Requisitions receivable	<u>352</u>	<u>17,991</u>
	<u><u>\$1,842,389</u></u>	<u><u>\$2,805,332</u></u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ —	\$ 93,754
Fund equity	<u>1,842,389</u>	<u>2,711,578</u>
	<u><u>\$1,842,389</u></u>	<u><u>\$2,805,332</u></u>

The accompanying notes are part
of these financial statements.

ALBERTA PLANNING FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Revenue:		
Contributions from the Province of Alberta, Department of Municipal Affairs	\$ 5,932,438	\$ 5,932,438
Requisitions from municipalities	3,670,933	3,826,628
Interest	<u>228,755</u>	<u>371,869</u>
	<u><u>9,832,126</u></u>	<u><u>10,130,935</u></u>
Expenditure:		
Contributions to Regional Planning Commissions:		
Operating costs (Note 3)	10,687,645	10,976,086
Special projects	<u>13,670</u>	<u>5,300</u>
Capital expenditures	<u>—</u>	<u>25,000</u>
	<u><u>10,701,315</u></u>	<u><u>11,006,386</u></u>
Contributions to Special Planning Project	<u>—</u>	<u>18,300</u>
	<u><u>10,701,315</u></u>	<u><u>11,024,686</u></u>
Excess of expenditure over revenue	869,189	893,751
Fund equity at beginning of year	<u>2,711,578</u>	<u>3,605,329</u>
Fund equity at end of year	<u><u>\$ 1,842,389</u></u>	<u><u>\$ 2,711,578</u></u>

ALBERTA PLANNING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Planning Fund operates under the authority of the Planning Act, Chapter P-9, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

Contributions to Regional Planning Commissions

Contributions towards operating costs are recorded as expenditures of the fiscal year in which they are paid.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Contributions to Regional Planning Commissions

Contributions for operating costs were authorized as follows:

	<u>1987</u>	<u>1986</u>
Basic	\$10,551,652	\$10,548,595
Supplementary	<u>135,993</u>	<u>427,491</u>
	<u>\$10,687,645</u>	<u>\$10,976,086</u>

Note 4 Administration Expenditures

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 5 Approval of Financial Statements

These financial statements have been approved by management.

GULATED FUNDS

MOTOR VEHICLE ACCIDENT CLAIMS FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Balance
Notes to the Financial Statements

AUDITOR'S REPORT

To the Solicitor General

I have examined the balance sheet of the Motor Vehicle Accident Claims Fund as at March 31, 1987 and the statement of revenue, expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
August 17, 1987

**MOTOR VEHICLE ACCIDENT CLAIMS FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Cash	\$26,505,807	\$37,611,433
Due from Province of Alberta,		
General Revenue Fund	1,165,328	1,121,829
Accounts receivable	23,063	—
	<u>\$27,694,198</u>	<u>\$38,733,262</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 303,151	\$ 802,802
Fund balance	<u>27,391,047</u>	<u>37,930,460</u>
	<u>\$27,694,198</u>	<u>\$38,733,262</u>

The accompanying notes are part
of these financial statements.

**MOTOR VEHICLE ACCIDENT CLAIMS FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Revenue:		
Fees	\$10,938,460	\$ 9,544,066
Interest	3,439,523	3,128,636
Recoveries	761,149	655,015
Sale of abandoned vehicles	114,526	142,376
	<u>15,253,658</u>	<u>13,470,093</u>
Expenditure:		
Personal injury	3,433,789	3,422,280
Property damage	1,437,926	1,049,113
Taxed court costs	311,953	255,996
Hospital, medical and ambulance costs	280,170	185,054
Abandoned vehicles	137,615	116,684
Appraisal fees	79,118	71,544
Judgement interest	53,111	19,317
Court reporting fees	20,710	17,480
Agents' fees	17,829	80,362
Miscellaneous	20,850	9,088
	<u>5,793,071</u>	<u>5,226,918</u>
Excess of revenue over expenditure	9,460,587	8,243,175
Fund balance at beginning of year	<u>37,930,460</u>	<u>29,687,285</u>
Less: Transfer of surplus (Note 5)	47,391,047	37,930,460
Fund balance at end of year	<u>20,000,000</u>	—
	<u>\$27,391,047</u>	<u>\$37,930,460</u>

**MOTOR VEHICLE ACCIDENT CLAIMS FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Motor Vehicle Accident Claims Fund operates under the authority of the Motor Vehicle Accident Claims Act, Chapter M-21, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

a) General

These financial statements have been prepared in accordance with generally accepted accounting principles except that amounts paid from the Fund on behalf of uninsured drivers are reported as expenditure. These payments are legally recoverable from the individual uninsured drivers but only a small portion is actually collectable. The amounts recovered are reported as revenue in the year they are collected.

Fees consist of amounts charged in accordance with section 3 of the Act upon registration of motor vehicles and are reported as revenue in the fiscal year in which they are collected.

b) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Expenses

Salary, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the Province of Alberta, General Revenue Fund and are not reflected in these financial statements.

Note 4 Contingent Liabilities

At March 31, 1987, the Fund is contingently liable with respect to legal claims in process. Based on previous experience it is estimated that the final cost of these claims will total approximately \$9,500,000.

Note 5 Transfer of Surplus

Pursuant to section 2(5) of the Act a surplus of \$20,000,000 was paid to the Province of Alberta, General Revenue Fund.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

RURAL ELECTRIFICATION REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Transportation
and Utilities

I have examined the balance sheet of the Rural Electrification Revolving Fund as at March 31, 1987, and the statements of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
July 10, 1987

REGULATED FUNDS

RURAL ELECTRIFICATION REVOLVING FUND
BALANCE SHEET
MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
ASSETS		
Cash	\$ 1,304,469	\$ 679,227
Accrued interest	437,090	408,095
Loans receivable (Note 2)	<u>58,704,178</u>	<u>52,822,724</u>
	<u>\$60,445,737</u>	<u>\$53,910,046</u>
LIABILITIES		
Accounts payable	\$ —	\$ 325
Payable to the General Revenue Fund		
Current account	522,973	478,525
Advances	<u>59,922,764</u>	<u>53,431,196</u>
	<u>\$60,445,737</u>	<u>\$53,910,046</u>

The accompanying notes are part
of these financial statements.

RURAL ELECTRIFICATION REVOLVING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
REVENUE		
Loan interest	\$1,077,099	\$974,505
Contribution from the General Revenue Fund (Note 3)	<u>8,432</u>	<u>3,780</u>
	<u>1,085,531</u>	<u>978,285</u>
EXPENDITURE		
Interest transferred to the General Revenue Fund	1,077,099	974,505
Loans and interest receivable written-off	<u>8,432</u>	<u>3,780</u>
	<u>1,085,531</u>	<u>978,285</u>
Excess of revenue over expenditure	<u>\$ —</u>	<u>\$ —</u>

**RURAL ELECTRIFICATION REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Operating transactions:		
Excess of revenue over expenditure	\$ —	\$ —
Non-cash items:		
Contribution from the General Revenue Fund (Note 3)	(8,432)	(3,780)
Loans and interest receivable written-off	<u>8,432</u>	<u>3,780</u>
Net change in non-cash working capital items	<u>15,128</u>	<u>(1,778)</u>
	<u>15,128</u>	<u>(1,778)</u>
Loan and cost adjustment transactions:		
Loans disbursed	(10,128,334)	(9,236,303)
Loans repaid	4,238,448	3,366,482
Funds collected for cost adjustments	86,509	3,824
Funds distributed for cost adjustments	<u>(86,509)</u>	<u>(3,824)</u>
	<u>(5,889,886)</u>	<u>(5,869,821)</u>
Financing transactions:		
Advances from the General Revenue Fund	<u>6,500,000</u>	<u>5,500,000</u>
Increase (decrease) in cash	<u>625,242</u>	<u>(371,599)</u>
Cash at beginning of year	<u>679,227</u>	<u>1,050,826</u>
Cash at end of year	<u>\$ 1,304,469</u>	<u>\$ 679,227</u>

EGULATED FUNDS

RURAL ELECTRIFICATION REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Rural Electrification Revolving Fund operates under the authority of the Rural Electrification Revolving Fund Act, Chapter R-18, Revised Statutes of Alberta, 1980, as amended.

Note 2 Loans Receivable

Loans bearing interest at 3 1/2 percent (Part 1) and interest free loans (Part 2) are provided from the Rural Electrification Revolving Fund for the construction of new electrical services on farms. Part 1 loans have fixed repayment schedules of 10 and 25 years and Part 2 loans are repaid if and when additional use is made of constructed services.

	<u>1987</u>	<u>1986</u>
Part 1 Loans	\$32,807,944	\$29,875,170
Part 2 Loans	<u>25,896,234</u>	<u>22,947,554</u>
	<u>\$58,704,178</u>	<u>\$52,822,724</u>

Note 3 Contribution from the General Revenue Fund

The contribution from the General Revenue Fund to finance the cost of bad debts relating to loans and interest receivable is reflected as a reduction of the advances payable to the General Revenue Fund.

Note 4 Commitments

As at March 31, 1987, the Fund had commitments totalling \$763,390 (1986 \$1,116,597) in respect of loans approved but not disbursed.

Note 5 Interest

Interest earned on cash deposits in the Consolidated Cash Investment Trust Fund is credited directly to the General Revenue Fund and is not reflected in these financial statements.

Interest earned on the loans made by the Fund is transferred to the General Revenue Fund.

Note 6 Administrative Expenses

Salaries, accommodation, and other administrative costs incurred in the administration of the Fund are borne by the General Revenue Fund and are not reflected in these financial statements.

Note 7 Comparative Figures

Financial information relating to the Fund was previously incorporated in the Loan Funds Summary Financial Statements. Separate financial statements have now been prepared to provide improved disclosure.

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA CAPITAL FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Net Debt
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Short-term Debt
Schedule of Expenditure by Program and Sub-Program
Schedule of Expenditure by Program and Object
Schedule of Expenditure by Element

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Capital Fund as at March 31, 1987 and the statements of revenue, expenditure and net debt and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
October 2, 1987

REGULATED FUNDS

**ALBERTA CAPITAL FUND
BALANCE SHEET
MARCH 31, 1987**

ASSETS	
Cash	\$ 528,033
Accounts receivable	204,747
Due from the General Revenue Fund	<u>17,311,705</u>
	<u>\$ 18,044,485</u>

LIABILITIES AND NET DEBT	
Liabilities:	
Accounts payable	\$ 34,150,370
Short-term debt, Schedule 1	<u>240,296,924</u>
	<u>274,447,294</u>
Net debt	<u>256,402,809</u>
	<u>\$ 18,044,485</u>

The accompanying notes are part
of these financial statements.

**ALBERTA CAPITAL FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET DEBT
FOR THE YEAR ENDED MARCH 31, 1987**

Revenue:	
Contributions by the General Revenue Fund for:	
Debt retirement	\$ 11,975,355
Net debt servicing costs	5,336,350
Interest	<u>312,914</u>
	<u>17,624,619</u>
Expenditure:	
Capital expenditure, Schedules 2, 3 and 4	268,378,164
Amortization of discount on debt	<u>5,649,264</u>
	<u>274,027,428</u>
Excess of expenditure over revenue and net debt at end of year	<u>\$256,402,809</u>

**ALBERTA CAPITAL FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

Operating transactions:	
Excess of expenditure over revenue	\$256,402,809
Non-cash items:	
Amortization of discount on debt	(5,649,264)
Increase in receivables	17,516,452
Increase in payables	(34,150,370)
Cash applied to operating transactions	<u>234,119,627</u>
Financing transactions:	
Debt issues, net	<u>234,647,660</u>
Cash provided by financing transactions	<u>234,647,660</u>
Increase in cash and cash at end of year	<u>\$ 528,033</u>

ALBERTA CAPITAL FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Capital Fund operates under the authority of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended. Section 60.2 of the Act which authorizes the establishment of the Fund is deemed to have come into force on April 1, 1986. The Fund commenced activities on November 1, 1986.

Note 2 Significant Accounting Policies and Reporting Practices

Money borrowed by the Province and deposited in the Fund is reported as debt of the Fund.
 Discount on debt is deferred and amortized over the term of the debt.

Note 3 Financial Structure

The Fund finances capital construction projects from money borrowed by the Province and deposited in the Fund.

Expenditures from the Fund are made under the authority of "Appropriation Acts" passed pursuant to subsection 60.2(6) of the Act.

Subsection 69(2) of the Act provides that money required in connection with borrowings will be paid from the General Revenue Fund to the extent that sufficient funds are not available in the Fund.

The Fund's net debt servicing costs, being interest and amortization of discount on debt less interest income, are funded by contributions from the General Revenue Fund on a current basis. The Fund's requirements for debt retirement are funded by contributions from the General Revenue Fund over a period of years based on amortization of the capital cost of construction projects financed by expenditures made from the Fund.

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Subsequent Events

In June 1987, the Province issued \$898 million of Alberta Capital Bonds at par and received net proceeds of \$890 million. The bonds bear interest at 8.5% per annum, mature on June 1, 1990 and are redeemable at face value semi-annually on December 1 and June 1 of each year. The Province allocated \$500 million of the issue to the Fund. The net proceeds of \$495 million were used by the Fund to retire all outstanding short-term debt amounting to \$267 million. The balance of the net proceeds was invested by the Fund in short-term money market securities to be used to finance capital construction projects in the 1987-88 fiscal year.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

Schedule

ALBERTA CAPITAL FUND
SHORT-TERM DEBT
MARCH 31, 1987

Short-term promissory notes at face amount	\$242,000,000
Less: Unamortized discount	1,703,076
	<u>\$240,296,924</u>

REGULATED FUNDS

Schedule 2

ALBERTA CAPITAL FUND
EXPENDITURE BY PROGRAM AND SUB-PROGRAM
FOR THE YEAR ENDED MARCH 31, 1987

Item and Ref. No.	Program Sub-Program	Funds Provided				Unexpended (Over Expended)		
		Estimates	Transfers	Total Authorized	Expended			
Hospitals and Medical Care								
Construction of Hospitals and Nursing Homes								
1	Minor Construction	\$ 19,260,000	\$ —	\$ 19,260,000	\$ 12,263,253	\$ 6,996,747		
2	Major Medical Referral and Research Centres	6,015,000	2,810,000	8,825,000	7,808,327	1,016,673		
3	Major Urban Medical and Referral Centres	103,805,000	—	103,805,000	82,476,137	21,328,863		
4	Other Referral Centres	38,557,000	4,200,000	42,757,000	42,706,778	50,222		
5	Specialized Active Care	11,977,000	—	11,977,000	8,785,637	3,191,363		
6	Community-Based Hospital Facilities (over 40 beds)	64,799,000	(2,810,000)	61,989,000	59,472,862	2,516,138		
7	Rural Community-Based Hospital Facilities (40 beds and under)	20,429,000	(4,200,000)	16,229,000	13,375,576	2,853,424		
8	Long-Term Chronic Care	15,922,000	—	15,922,000	10,707,854	5,214,146		
9	Supervised Personal Care	364,000	—	364,000	63,740	300,260		
		<u>281,128,000</u>	<u>—</u>	<u>281,128,000</u>	<u>237,660,164</u>	<u>43,467,836</u>		
Advanced Education								
Construction of Post-Secondary Education Facilities								
1	Universities	24,500,000	—	24,500,000	24,500,000	—		
2	Public Colleges	26,702,000	—	26,702,000	5,852,000	20,850,000		
3	Hospital-Based Nursing Education	466,000	—	466,000	366,000	100,000		
		<u>51,668,000</u>	<u>—</u>	<u>51,668,000</u>	<u>30,718,000</u>	<u>20,950,000</u>		
		<u><u>\$332,796,000</u></u>	<u><u>\$ —</u></u>	<u><u>\$332,796,000</u></u>	<u><u>\$268,378,164</u></u>	<u><u>\$64,417,836</u></u>		

Schedule 3

ALBERTA CAPITAL FUND
EXPENDITURE BY PROGRAM AND OBJECT
FOR THE YEAR ENDED MARCH 31, 1987

Item	Program/Object	Funds Provided				Unexpended (Over Expended)		
		Estimates	Transfers	Total Authorized	Expended			
Hospitals and Medical Care								
Construction of Hospitals and Nursing Homes								
	Salaries, wages and employee benefits	\$ —	\$ —	\$ —	\$ —	\$ —		
	Supplies and services	84,202,000	—	84,202,000	62,667,297	21,534,703		
	Grants	196,926,000	—	196,926,000	174,992,867	21,933,133		
	Purchase of fixed assets	—	—	—	—	—		
	Other	—	—	—	—	—		
		<u>281,128,000</u>	<u>—</u>	<u>281,128,000</u>	<u>237,660,164</u>	<u>43,467,836</u>		
Advanced Education								
Construction of Post-Secondary Education Facilities								
	Salaries, wages and employee benefits	—	—	—	—	—		
	Supplies and services	—	—	—	—	—		
	Grants	51,668,000	—	51,668,000	30,718,000	20,950,000		
	Purchase of fixed assets	—	—	—	—	—		
	Other	—	—	—	—	—		
		<u>51,668,000</u>	<u>—</u>	<u>51,668,000</u>	<u>30,718,000</u>	<u>20,950,000</u>		
		<u><u>\$332,796,000</u></u>	<u><u>\$ —</u></u>	<u><u>\$332,796,000</u></u>	<u><u>\$268,378,164</u></u>	<u><u>\$64,417,836</u></u>		

**ALBERTA CAPITAL FUND
EXPENDITURE BY ELEMENT
FOR THE YEAR ENDED MARCH 31, 1987**

Vote and Ref. No.	Program/Element	Estimates	Expended
Hospitals and Medical Care			
I	Construction of Hospitals and Nursing Homes		
1.1	Minor Construction		
1.1.1	Active care hospitals	\$ 18,300,000	\$ 9,994,263
1.1.2	Long-term chronic care hospitals	700,000	2,137,963
1.1.3	Nursing homes	260,000	131,027
1.2	Major Medical Referral and Research Centres		
1.2.1	University of Alberta Hospitals, Edmonton	55,000	108,327
1.2.2	Foothills Provincial General Hospital, Calgary	5,960,000	7,700,000
1.3	Major Urban Medical and Referral Centres		
1.3.1	Calgary General Hospital	590,000	106,803
1.3.2	Hospital District #93, Calgary	18,206,000	19,845,000
1.3.3	Edmonton General Hospital	425,000	109,858
1.3.4	Misericordia Hospital, Edmonton	190,000	12,625
1.3.5	Royal Alexandra Hospitals, Edmonton	1,192,000	287,463
1.3.6	Southeast Hospital, Edmonton	44,088,000	31,616,426
1.3.7	Northeast Hospital, Calgary	39,114,000	30,429,028
1.3.8	Holy Cross Hospital, Calgary	—	47,000
1.3.9	Charles Camstell Hospital, Edmonton	—	21,934
1.4	Other Referral Centres		
1.4.1	Queen Elizabeth II Hospital Grande Prairie	700,000	700,000
1.4.2	Lethbridge Regional Hospital	26,490,000	38,306,778
1.4.3	Medicine Hat and District Hospital	11,367,000	3,700,000
1.5	Specialized Active Care		
1.5.1	Alberta Cancer Board	260,000	208,468
1.5.2	Glenrose Rehabilitation Hospital, Edmonton	4,261,000	3,150,215
1.5.3	Alberta Hospital Edmonton	350,000	366,924
1.5.4	Alberta Hospital Ponoka	6,106,000	4,740,484
1.5.5	Northern Alberta Children's Hospital, Edmonton	1,000,000	319,546
1.6	Community-Based Hospital Facilities (over 40 beds)		
1.6.1	St. Mary's Hospital, Camrose	4,888,000	636,525
1.6.2	Sturgeon General Hospital, St. Albert	1,165,000	221,532
1.6.3	Wetaskiwin General	1,275,000	447,071
1.6.4	Community-Based Facilities	57,471,000	58,167,734
1.7	Rural Community-Based Hospital Facilities (40 beds and under)		
1.7.1	Northwest region	14,571,000	10,509,530
1.7.2	Northeast region	2,320,000	2,555,520
1.7.3	Central region	2,300,000	217,944
1.7.4	Southern region	1,238,000	92,582
1.8	Long-Term Chronic Care		
1.8.1	Auxiliary Hospital and Nursing Home District #7, Calgary	526,000	—
1.8.2	Good Samaritan Hospital, Edmonton	7,490,000	9,027,840
1.8.3	Rural long-term chronic care facilities	7,906,000	1,656,193
1.8.4	Millwoods Shepherd's Care Auxiliary	—	13,415
1.8.5	St. Michael's Auxiliary, Edmonton	—	10,406
1.9	Supervised Personal Care		
1.9.1	District nursing homes	364,000	63,740
		281,128,000	237,660,164

EGULATED FUNDS**Schedule 4 (cont'd)**

<u>Vote and Ref. No.</u>	<u>Program/Element</u>	<u>Estimates</u>	<u>Expended</u>
Advanced Education			
2	Construction of Post-Secondary Education Facilities		
2.1	Universities		
2.1.1	University of Alberta	\$ 9,700,000	\$ 9,660,000
2.1.2	University of Calgary	14,200,000	14,200,000
2.1.3	University of Lethbridge	600,000	640,000
2.2	Public Colleges		
2.2.1	Fairview College	—	—
2.2.2	Grande Prairie Regional College	—	1,000,000
2.2.3	Grant MacEwan Community College	2,272,000	2,272,000
2.2.4	Lakeland College	5,500,000	900,000
2.2.5	Lethbridge Community College	—	—
2.2.6	Mount Royal College	17,330,000	—
2.2.7	Olds College	1,600,000	1,600,000
2.2.8	Alberta College of Art	—	80,000
2.3	Hospital-Based Nursing Education		
2.3.1	Alberta Hospital Edmonton	31,000	31,000
2.3.2	Alberta Hospital Ponoka	100,000	—
2.3.3	Foothills Provincial General Hospital	193,000	193,000
2.3.4	Misericordia Hospital	58,000	58,000
2.3.5	University of Alberta Hospitals	84,000	84,000
		<u>51,668,000</u>	<u>30,718,000</u>
		<u><u>\$332,796,000</u></u>	<u><u>\$268,378,164</u></u>

ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Investments

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Heritage Foundation for Medical Research Endowment Fund as at March 31, 1987 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
September 9, 1987

GULATED FUNDS

**ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
BALANCE SHEET
MARCH 31, 1987**

	1987	1986
ASSETS		
Cash (Note 3)	\$ 17,992,261	\$ 20,542,016
Accrued interest and accounts receivable	11,508,911	11,135,407
Investments, Schedule 1	<u>414,595,989</u>	<u>407,324,765</u>
	<u>\$444,097,161</u>	<u>\$439,002,188</u>
LIABILITIES, ENDOWMENT AND RETAINED EARNINGS		
Liabilities:		
Accounts payable	\$ 2,480	\$ --
Endowment (Note 5)	300,000,000	300,000,000
Retained earnings (Note 5)	<u>144,094,681</u>	<u>139,002,188</u>
	<u>\$444,097,161</u>	<u>\$439,002,188</u>

The accompanying notes are part
of these financial statements.

**ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Income:		
Investment income	\$ 51,399,858	\$ 49,350,151
Net gain on disposals of investments	5,506,748	1,672,883
Amortization of deferred realized gains and losses on investments	1,165,161	731,127
Write-down of investments and provision for decline in market value	20,726	(297,333)
Net income (Note 4)	58,092,493	51,456,828
Retained earnings at beginning of year	<u>139,002,188</u>	<u>132,545,360</u>
	<u>197,094,681</u>	<u>184,002,188</u>
Transfer to the Alberta Heritage Foundation for Medical Research	53,000,000	45,000,000
Retained earnings at end of year	<u>\$144,094,681</u>	<u>\$139,002,188</u>

**ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Operating transactions:		
Net income	\$ 58,092,493	\$ 51,456,828
Non-cash items:		
Amortization of discount/premium on investments, net	(9,455,373)	(6,078,463)
Amortization of deferred realized gains and losses on investments	(1,165,161)	(731,127)
Net gain on disposals of investments	(5,506,748)	(1,672,883)
Write-down of investments and provision for decline in market value	(20,726)	297,333
Decrease (increase) in receivables	(373,504)	978,540
Increase in payables	2,480	—
Cash provided by operating transactions	<u>41,573,461</u>	<u>44,250,228</u>
Investing transactions:		
Proceeds from disposals, repayments and redemptions of investments	167,485,197	171,008,567
Investments	(159,915,496)	(181,673,853)
Deferred realized gains and losses on investments	1,307,083	1,325,399
Cash provided by (applied to) investing transactions	8,876,784	(9,339,887)
Transfer to the Alberta Heritage Foundation for Medical Research	<u>(53,000,000)</u>	<u>(45,000,000)</u>
Decrease in cash	2,549,755	10,089,659
Cash at beginning of year	<u>20,542,016</u>	<u>30,631,675</u>
Cash at end of year	<u>\$ 17,992,261</u>	<u>\$ 20,542,016</u>

**ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Heritage Foundation for Medical Research Endowment Fund operates under the authority of the Alberta Heritage Foundation for Medical Research Act, Chapter A-26, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

- (i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

(a) Bonds, bond coupons and residuals, mid-term money market securities and mortgages are carried at cost adjusted for deferred unamortized realized gains and losses.

Realized gains and losses on disposals of these investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

- (ii) Other significant accounting policies are as follows:

(a) Common and preferred shares, warrants, pooled equity trust units and short-term money market securities are carried at cost.

Realized gains and losses on disposals of these investments are included in the determination of net income.

(b) Investments in real estate are carried at the lower of cost and appraised value (see Schedule 1 Note (c)).

Rental income less expenses is included in the determination of investment income of the Fund as participating interest received or accrued on the debentures (see Schedule 1 Note (c)).

Realized gains and losses on disposals of these investments are included in the determination of net income.

(c) The cost of investments includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.

The cost of investments disposed of is determined on the average cost basis.

(d) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Each asset, liability, revenue or expense arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.

At the balance sheet date, cash, accrued interest and accounts receivable, short-term money market securities and accounts payable denominated in foreign currency are translated at the rate of exchange in effect at that date.

Gains and losses arising from the translation of foreign currencies are included in the determination of net income except that unrealized exchange gains or losses relating to hedged monetary assets are deferred. Amounts deferred are included in accounts payable.

Note 3 Cash

	1987	1986
Deposit in the Consolidated Cash		
Investment Trust Fund	\$ 15,555,612	\$ 18,653,566
U.S. dollar bank accounts	<u>2,436,649</u>	<u>1,888,450</u>
	<u>\$17,992,261</u>	<u>\$20,542,016</u>

Note 4 Segmented Information

Segmented information on net income is as follows:

	1987	1986
Cash	\$ 1,769,863	\$ 3,181,256
Bonds	33,823,278	28,471,398
Bond coupons and residuals	10,957,331	10,580,649
Money market securities	1,963,928	3,882,928
Mortgages	2,114,585	2,110,671
Common and preferred shares, warrants and pooled equity trust units	7,249,480	3,387,942
Real estate	<u>214,028</u>	<u>(158,016)</u>
	<u>\$58,092,493</u>	<u>\$51,456,828</u>

Note 5 Endowment

The endowment was received from the Alberta Heritage Savings Trust Fund on March 31, 1980. The Alberta Heritage Foundation for Medical Research Act provides that money required by the Foundation for the furtherance of its objects shall be paid from the Fund, but no money shall be paid out of the Fund if the payment would result in the value of the assets of the Fund, at cost, being less than the endowment received by the Fund.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

Schedule

**ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
INVESTMENTS
MARCH 31, 1987**

	1987			1986	
	Par Value	Book Value	Market Value	Book Value	Market Value
Bonds:					
Government of Canada, direct and guaranteed	\$213,000,000	\$219,891,068	\$261,814,663	\$211,560,705	\$250,319,722
Provincial:					
Alberta, guaranteed	3,000,000	3,014,781	3,138,850	2,015,051	2,044,653
Other, direct and guaranteed	12,800,000	12,475,273	13,217,019	9,081,664	9,669,381
Corporate	16,085,433	16,453,556	17,902,948	16,370,531	18,247,679
Corporate, convertible	2,167,000	2,247,605	2,269,740	3,468,569	3,612,477
Mid-term money market securities:					
Promissory notes	7,000,000	6,997,922	7,295,550	7,027,540	7,428,120
Certificates of deposit	—	—	—	1,000,000	1,058,472
Mortgages, participating	17,033,033	16,840,860	21,611,851	14,495,916	18,501,199
Bond coupons and residuals:					
Government of Canada, direct	83,489,739	86,474,114	89,666,579	92,951,833	
Deferred unamortized realized gains and losses	(4,535,279)	—	(4,393,357)	—	
	356,875,525	413,724,735	350,293,198	403,833,536	
Short-term money market securities (a):					
Treasury bills:					
Government of Canada	992,885	992,885	6,597,472	6,597,472	
Government of the United States of America	—	—	6,486,069	6,486,069	
Promissory notes	724,300	724,300	2,911,210	2,911,210	
Bankers' acceptances	—	—	724,077	724,077	
Common and preferred shares, warrants and pooled equity trust units:					
Quoted securities	45,317,962	73,746,063	33,812,129	56,296,281	
Unquoted securities (b)	7,362,530	7,276,991	3,321,018	3,249,646	
Real estate - cost					
\$3,566,059 (1986 - \$3,476,925) (c)	3,322,787	3,322,787	3,179,592	3,179,592	
	<u>\$414,595,989</u>	<u>\$499,787,761</u>	<u>\$407,324,765</u>	<u>\$483,277,883</u>	

(a) The market value of short-term money market securities is estimated to approximate cost.

(b) The market value of unquoted common and preferred shares and warrants is estimated by management appraisal.

(c) Real estate is held through an intermediate company which has issued participating debentures secured by a charge on the real estate. The rental income less expenses is distributed to the Fund as participating interest on the debentures. The market value of real estate is estimated by independent appraisal.

**ALBERTA HERITAGE SAVINGS TRUST FUND
FINANCIAL STATEMENTS
MARCH 31, 1987**

Auditor's Report
 Balance Sheet
 Statement of Income, Retained Earnings, Transfers, Amounts
 Expended and Fund Equity
 Statement of Changes in Financial Position
 Capital Projects Division, Statement of Amounts Expended
 Notes to the Financial Statements
 Schedule of Cash and Marketable Securities
 Schedule of Canada Investment Division Investments
 Schedule of Alberta Investment Division Investments
 Schedule of Energy Investment Division Investments
 Schedule of Commercial Investment Division Investments
 Schedule of Capital Projects Division Investments - Assets
 Schedule of Capital Projects Division Investments - Deemed Assets

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Heritage Savings Trust Fund as at March 31, 1987 and the statements of income, retained earnings, transfers, amounts expended and fund equity, changes in financial position and Capital Projects Division amounts expended for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

The practice of including deemed assets and deemed equity represented by deemed assets on the balance sheet is not appropriate because deemed assets are not assets of the Fund nor is the presentation in accordance with generally accepted accounting principles. Deemed assets represent amounts expended which are not recoverable by the Fund and where assets do exist, they belong to other organizations. Although it has been interpreted by management that the Alberta Heritage Savings Trust Fund Act requires the disclosure of deemed assets on the balance sheet, the financial position of the Fund would be better understood if the deemed assets and deemed equity represented by deemed assets which both amount to \$2,629,287,000 were not included.

In my opinion, except that the inclusion of deemed assets and deemed equity represented by deemed assets on the balance sheet is not appropriate as explained in the preceding paragraph, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations, the changes in its financial position and the amounts expended within the Capital Projects Division for the year then ended, in accordance with the disclosed basis of accounting, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
 June 19, 1987

**ALBERTA HERITAGE SAVINGS TRUST FUND
BALANCE SHEET
MARCH 31, 1987
(thousands of dollars)**

	<u>1987</u>	<u>1986</u>
ASSETS		
Assets:		
Cash and marketable securities, Schedule 1	\$ 2,252,509	\$ 1,775,012
Accrued interest and accounts receivable	346,566	449,800
Due from the General Revenue Fund	—	16,988
Canada Investment Division investments, Schedule 2	1,857,220	1,863,587
Alberta Investment Division investments, Schedule 3	7,846,737	8,177,305
Energy Investment Division investments, Schedule 4	8,750	16,250
Commercial Investment Division investments, Schedule 5	232,752	217,272
Capital Projects Division investments, Schedule 6	199,997	199,998
	<u>\$12,744,531</u>	<u>\$12,716,212</u>
Deemed Assets:		
Capital Projects Division investments, Schedule 7	<u>\$ 2,629,287</u>	<u>\$ 2,402,481</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 48,089	\$ 23,512
Due to the General Revenue Fund	<u>14,157</u>	<u>—</u>
	<u>62,246</u>	<u>23,512</u>
Fund Equity	<u>12,682,285</u>	<u>12,692,700</u>
	<u>\$12,744,531</u>	<u>\$12,716,212</u>
Deemed equity represented by deemed assets	<u>\$ 2,629,287</u>	<u>\$ 2,402,481</u>

The accompanying notes are part
of these financial statements.

**ALBERTA HERITAGE SAVINGS TRUST FUND
STATEMENT OF INCOME, RETAINED EARNINGS, TRANSFERS,
AMOUNTS EXPENDED AND FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)**

	<u>1987</u>	<u>1986</u>
Income and Retained Earnings:		
Investment income before the undernoted	\$ 1,440,661	\$ 1,563,469
Net gain on disposals of investments	11,084	111,089
Write-off and write-down of investments	(5,801)	(6,249)
Net investment income (Note 4)	1,445,944	1,668,309
Administrative expenses (Note 5)	1,038	1,446
Net income	<u>1,444,906</u>	<u>1,666,863</u>
Transfer to the General Revenue Fund (Note 6)	<u>1,444,906</u>	<u>1,666,863</u>
Net increase in retained earnings	—	—
Retained earnings at beginning and end of year	<u>3,262,247</u>	<u>3,262,247</u>
Transfers from the General Revenue Fund:		
Non-renewable resource revenue transfer (Note 7)	216,391	684,637
Cumulative transfers at beginning of year	<u>11,832,934</u>	<u>11,148,297</u>
Cumulative transfers at end of year	<u>12,049,325</u>	<u>11,832,934</u>
Amounts expended under the Capital Projects Division:		
Amounts expended during the year	(226,806)	(240,088)
Cumulative amounts expended at beginning of year	<u>(2,402,481)</u>	<u>(2,162,393)</u>
Cumulative amounts expended at end of year	<u>(2,629,287)</u>	<u>(2,402,481)</u>
Fund equity at end of year	<u>\$12,682,285</u>	<u>\$12,692,700</u>

GULATED FUNDS

**ALBERTA HERITAGE SAVINGS TRUST FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**
(thousands of dollars)

	1987	1986
Operating transactions:		
Net income	\$ 1,444,906	\$ 1,666,863
Non-cash items:		
Net gain on disposals of investments	(11,084)	(111,089)
Amortization of discount/premium on investments, net	(5,080)	(5,996)
Write-off and write-down of investments	5,801	6,249
Decrease (increase) in receivables	120,222	(19,900)
Increase (decrease) in payables	38,734	(2,196)
Cash provided by operating transactions	<u>1,593,499</u>	<u>1,533,931</u>
Investing transactions:		
Proceeds from disposals, repayments and redemptions of investments:		
Canada Investment Division	8,300	8,300
Alberta Investment Division	743,683	619,991
Energy Investment Division	7,500	7,500
Commercial Investment Division	114,784	47,753
Capital Projects Division	1	1
Investments:		
Alberta Investment Division	(410,840)	(543,840)
Commercial Investment Division	<u>(124,109)</u>	<u>(57,445)</u>
Cash provided by investing transactions	<u>339,319</u>	<u>82,260</u>
Transfers and Amounts Expended:		
Non-renewable resource revenue transfer from the General Revenue Fund	216,391	684,637
Transfer to the General Revenue Fund	(1,444,906)	(1,666,863)
Capital Projects Division amounts expended	<u>(226,806)</u>	<u>(240,088)</u>
Cash applied to transfers and amounts expended	<u>(1,455,321)</u>	<u>(1,222,314)</u>
Increase in cash and marketable securities	477,497	393,877
Cash and marketable securities at beginning of year	1,775,012	1,381,135
Cash and marketable securities at end of year	<u>\$ 2,252,509</u>	<u>\$ 1,775,012</u>

**ALBERTA HERITAGE SAVINGS TRUST FUND
STATEMENT OF AMOUNTS EXPENDED
FOR THE YEAR ENDED MARCH 31, 1987**
(thousands of dollars)

<u>Department/Project</u>	<u>Amounts Authorized(a)</u>	<u>Amounts Expended</u>	<u>Unexpended (Over Expended)</u>
Agriculture			
Farming For The Future	\$ 5,000	\$ 4,711	\$ 289
Food Processing Development Centre	885	847	38
Irrigation Rehabilitation and Expansion	30,000	29,907	93
Community and Occupational Health			
Occupational Health and Safety			
Research and Education	2,000	1,414	586
Energy			
Alberta Oil Sands Technology and Research Authority	31,400	31,400	—
Solar/Wind Energy Research	1,000	—	1,000
Environment			
Irrigation Headworks and Main Irrigation Systems Improvement	60,000	59,904	96
Land Reclamation	3,000	2,835	165
Paddle River Basin Development	1,050	469	581
Forestry, Lands and Wildlife			
Grazing Reserves Development	5,291	4,409	882
Maintaining Our Forests	745	724	21
Hospitals and Medical Care			
Applied Cancer Research	4,923	4,806	117
Walter C. Mackenzie Health Sciences Centre	33,500	32,013	1,487
Public Works, Supply and Services			
Capital City Recreation Park	850	67	783
Fish Creek Provincial Park (Land)	350	76	274
Recreation and Parks			
Kananaskis Country Recreation Development	11,872	9,446	2,426
Municipal Recreation/Tourism Areas	4,000	3,475	525
Urban Parks	4,256	4,242	14
Technology, Research and Telecommunications			
Electronics Test Centre	565	565	—
Microchip Design and Fabrication Facilities	5,496	5,496	—
Transportation and Utilities			
Universal Rural Private Telephone Line Service	<u>30,000</u>	<u>30,000</u>	<u>—</u>
	<u>\$236,183</u>	<u>\$226,806</u>	<u>\$9,377</u>

(a) Amounts authorized under the Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1986-87 have been reduced by liabilities of the prior fiscal year which exceeded the available authority in the case of Food Processing Development Centre in the amount of twenty thousand dollars.

**ALBERTA HERITAGE SAVINGS TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Heritage Savings Trust Fund operates under the authority of the Alberta Heritage Savings Trust Fund Act, Chapter A-27, Revised Statutes of Alberta 1980, as amended.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

- (i) These financial statements have been prepared in accordance with generally accepted accounting principles, except as follows:
 - (a) The investment in Alberta Energy Company Ltd., which represents 37% of the total number of issued and outstanding voting shares of the company, included in the Alberta Investment Division is valued at cost. Income is recognized only to the extent that dividends are received or receivable. The book value of the investment is not adjusted for the Fund's pro rata share of retained earnings of the company.
 - (b) Capital Projects Division investments represent the aggregate net amount expended from November 4, 1976 to March 31, 1987 under the authority of "Appropriation Acts" passed pursuant to subsection 6(2)(a) of the Alberta Heritage Savings Trust Fund Act. These investments are deemed to be assets of the Trust Fund with a value equal to the amounts expended pursuant to subsection 6(8)(a) of the Alberta Heritage Savings Trust Fund Act (see Note 3). Amounts expended which are recoverable by the Fund are shown separately as assets of the Fund. Amounts expended, not recoverable by the Fund, are included in the determination of Fund Equity and are shown as deemed assets on the balance sheet.
- (ii) Other significant accounting policies are as follows:
 - (a) Securities included in the Canada Investment Division, the Alberta Investment Division, the Energy Investment Division and the Commercial Investment Division are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the securities.
 - (b) The participation in the Syncrude Project, included in the Alberta Investment Division, is accounted for on the equity basis.
 - (c) Bonds, bond coupons and residuals and mid-term money market securities included in marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis. Short-term money market securities are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the securities.
 - (d) The cost of disposals is determined on the average cost basis. Gains and losses arising as a result of disposals and any change in the provision to adjust the cost of marketable securities to the lower of cost or market value, on an aggregate basis, are included in the determination of net investment income.
 - (e) Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.
 - (f) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.
 - (g) Marketable securities and payables in respect of forward exchange contracts denominated in foreign currency are translated at the current rate of exchange at the balance sheet date. Unrealized exchange gains or losses which relate to the translation of hedged monetary assets are deferred.

Amounts deferred are included in accounts payable.

Note 3 Compliance Information

The Investment Divisions shown on the balance sheet were established pursuant to section 6 of the Alberta Heritage Savings Trust Fund Act. Investments made under each of the Capital Projects Division and the Canada Investment Division are limited to 20% of the assets of the Trust Fund. For the purpose of determining the assets of the Trust Fund to which these percentage limitations apply, the Act provides that investments in the Capital Projects Division shall be deemed to be assets of the Trust Fund with a value equal to the amounts expended, while all other assets of the Trust Fund shall be valued at book value. Compliance information with respect to these statutory limits is provided in the table below.

	1987	% of Assets	1986	% of Assets
Capital Projects Division				
investments:				
Schedule 6	\$ 199,997,000		\$ 199,998,000	
Schedule 7	<u>2,629,287,000</u>		<u>2,402,481,000</u>	
	2,829,284,000	18	2,602,479,000	17
Canada Investment Division				
investments:				
Schedule 2	1,857,220,000	12	1,863,587,000	12
Other assets	<u>10,625,068,000</u>	<u>70</u>	<u>10,629,115,000</u>	<u>71</u>
	<u>\$15,311,572,000</u>	<u>100</u>	<u>\$15,095,181,000</u>	<u>100</u>

Note 4 Segmented Information

Segmented information on net investment income is as follows:

	1987	1986
Cash and marketable securities:		
Deposit in the Consolidated Cash Investment Trust Fund	\$ 21,190,000	\$ 16,522,000
Money market securities, short-term and mid-term	140,500,000	131,767,000
Bond coupons and residuals	2,834,000	1,498,000
Bonds	3,180,000	34,787,000
Canada Investment Division investments:		
Debentures	237,398,000	238,417,000
Alberta Investment Division investments:		
Money market securities, mid-term	—	2,433,000
Debentures	975,571,000	1,033,704,000
Common shares	4,952,000	108,901,000
Participation in Syncrude Project	33,572,000	72,022,000
Energy Investment Division investments:		
Debenture	1,999,000	3,080,000
Commercial Investment Division investments:		
Money market securities, short-term	871,000	427,000
Convertible bonds	3,644,000	1,655,000
Common and preferred shares	12,050,000	15,400,000
Capital Projects Division investments:		
Participating debenture of Vencap Equities Alberta Ltd.	<u>8,183,000</u>	<u>7,696,000</u>
	<u>\$1,445,944,000</u>	<u>\$1,668,309,000</u>

Note 5 Administrative Expenses

	1987	1986
Expenses paid directly from the Fund pursuant to section 11(1) of the Alberta Heritage Savings Trust Fund Act	\$ 90,000	\$ 368,000
Other administrative expenses estimated and charged to the Fund pursuant to section 11(2) of the Alberta Heritage Savings Trust Fund Act	<u>948,000</u>	<u>1,078,000</u>
	<u>\$1,038,000</u>	<u>\$1,446,000</u>

Administrative expenses for the year ended March 31, 1987 relating to the Syncrude Project estimated at \$594,000 (1986 - \$569,000) are not included in other administrative expenses but are reflected in results of operations of the project for the year.

Administrative expenses for 1986 include an amount of \$210,000 expended to communicate the role and activities of the Fund. No such expenditure was incurred during the year ended March 31, 1987.

REGULATED FUNDS

Note 6 Transfer to the General Revenue Fund

All of the net income of the Fund has been transferred to the General Revenue Fund pursuant to section 4(2) of the Alberta Heritage Savings Trust Fund Act.

Note 7 Non-renewable Resource Revenue Transfer

15% (1986 - 15%) of the net non-renewable resource revenue received by the Province during the year ended March 31, 1987 has been transferred to the Alberta Heritage Savings Trust Fund pursuant to section 1 of the Alberta Heritage Savings Trust Fund Special Appropriation Act, 1986-87 and section 5(5) of the Alberta Heritage Savings Trust Fund Act.

In determining the amount of the net non-renewable resource revenue, the following amounts have been deducted from the non-renewable resource revenue received:

- (i) transfers during the year to the Alberta Petroleum Incentives Program Fund, pursuant to section 3(2) of the Petroleum Incentives Program Act,
- (ii) exploratory drilling, development drilling, geophysical exploration and well servicing grants paid and credits applied during the year, pursuant to section 4.1(2) and (3) of the Mines and Minerals Act, and
- (iii) royalty tax credits paid, pursuant to section 26.41 of the Alberta Corporate Income Tax Act and section 12.2 of the Alberta Income Tax Act.

For the 1987-88 fiscal year, none of the non-renewable resource revenue received by the Province will be transferred to the Alberta Heritage Savings Trust Fund.

Note 8 Contingencies

Claims and potential claims pending at March 31, 1987 in respect of various capital projects exceed amounts expended by approximately \$17,940,000 (1986 - \$16,330,000). The resulting loss, if any, from these claims and potential claims cannot be determined.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

**ALBERTA HERITAGE SAVINGS TRUST FUND
CASH AND MARKETABLE SECURITIES
MARCH 31, 1987**

	1987		1986	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Bonds:				
Government of Canada, direct	\$ —	\$ —	\$ 10,159	\$ 10,181
Provincial, direct and guaranteed:				
Alberta	—	—	1,410	1,379
Other provinces	—	—	24,442	23,805
	—	—	36,011	35,365
Bond coupons and residuals:				
Government of Canada, direct	1,127	1,130	49,545	49,371
Mid-term money market securities:				
Promissory note	—	—	6,838	6,788
Certificate of deposit	3,000	3,002	3,000	3,035
	3,000	3,002	9,838	9,823
Short-term money market securities (a):				
Treasury bills:				
Government of Canada	504,203	504,203	720,821	720,821
Province of Alberta	4,992	4,992	—	
Other provinces	28,294	28,294	168,793	168,793
Promissory notes:				
Province of Alberta	981,371	981,371	35,000	35,000
Other	133,919	133,919	249,596	249,596
Bankers' acceptances	369,312	369,312	120,509	120,509
Deposit receipts	105,158	105,158	146,178	146,178
Bearer deposit notes	11,868	11,868	85,239	85,239
Certificates of deposit and guaranteed investment certificate	10,944	10,944	60,000	60,000
	2,150,061	2,150,061	1,586,136	1,586,136
Deposit in the Consolidated Cash Investment Trust Fund	98,321	98,321	94,317	94,317
	<u>\$2,252,509</u>	<u>\$2,252,514</u>	<u>\$1,775,847</u>	<u>\$1,775,012</u>

(a) The market value of short-term money market securities is estimated to approximate cost.

EGULATED FUNDS

Schedule 2

**ALBERTA HERITAGE SAVINGS TRUST FUND
CANADA INVESTMENT DIVISION INVESTMENTS
MARCH 31, 1987**

	1987 Par Value	Cost	
		1987	1986
		(thousands of dollars)	
Debentures (a):			
Province of Manitoba	\$ 260,000	\$ 259,202	\$ 258,958
Province of New Brunswick	247,000	245,385	245,080
New Brunswick Electric Power Commission	135,000	133,618	133,471
Province of Newfoundland	155,000	154,604	154,400
Newfoundland and Labrador Hydro	150,000	148,355	148,227
Newfoundland Municipal Financing Corporation	71,500	70,896	72,541
Province of Nova Scotia	235,000	232,446	232,243
Nova Scotia Municipal Finance Corporation	48,250	48,055	52,620
Nova Scotia Power Corporation	125,000	123,977	123,886
Province of Prince Edward Island	64,000	63,097	65,028
Hydro-Quebec	385,000	377,585	377,133
	<u>\$1,875,750</u>	<u>\$1,857,220</u>	<u>\$1,863,587</u>

(a) Debentures bear interest rates from 9.50% to 17.75% with maturity dates from September 30, 1987 to July 15, 2005. The debentures are redeemable by a single payment of the full principal sum on maturity.

Schedule 3

**ALBERTA HERITAGE SAVINGS TRUST FUND
ALBERTA INVESTMENT DIVISION INVESTMENTS
MARCH 31, 1987**

		1987	1986
		(thousands of dollars)	
Provincial corporation debentures (a):			
Alberta Agricultural Development Corporation	\$1,003,760	\$1,041,240	
Alberta Government Telephones Commission	1,298,407	1,472,677	
Alberta Mortgage and Housing Corporation	3,396,194	3,387,356	
Alberta Municipal Financing Corporation	1,279,576	1,456,032	
Alberta Opportunity Company	155,600	162,400	
Corporate debentures:			
Bralorne Resources Limited			
12.875% maturing on August 15, 1995	3,500	3,875	
IPSCO Inc.			
14.50% maturing on May 15, 1995	3,462	3,846	
Ridley Grain Ltd.			
11% participating first mortgage bonds (b)	133,976	133,976	
Common shares:			
Alberta Energy Company Ltd. (c)	87,346	55,708	
Bank of Alberta	1,600	1,600	
Participation in Syncrude Project (d)	<u>483,316</u>	<u>458,595</u>	
	<u>\$7,846,737</u>	<u>\$8,177,305</u>	

(a) Provincial corporation debentures bear interest rates from 7.57% to 18.05% with maturity dates from May 3, 1987 to March 29, 2015. Interest rates on Alberta Government Telephones Commission and Alberta Municipal Financing Corporation debentures are fixed to maturity and redemption is by a single payment of the full principal sum on maturity. In general the interest rates on the other provincial corporation debentures are fixed for a 5 year period only and repayment is by annual instalments of the principal sum over the life of the debenture. The Provincial Treasurer may permit all or part of the other provincial corporation debentures to be redeemed by the issuer prior to maturity without penalty.

During the year debentures amounting to \$32,851,000 (1986 - \$42,139,000) were redeemed prior to maturity.

(b) The Province's contractual obligations to invest monies in participating first mortgage bonds of Ridley Grain Ltd. have been met up to the maximum authorized to be paid from the Fund. The monies have been used to finance the construction of a grain terminal at Ridley Island, Prince Rupert, British Columbia. Under the terms of the debenture, prior to completion of the project, interest on the bonds is capitalized and compounded annually; thereafter interest is compounded semi-annually and payable annually and any shortfall is to be capitalized. The principal, including capitalized interest, is repayable on or before July 31, 2015. No interest has been capitalized or accrued since July 31, 1985, the date of completion of the project. Income from the bonds is recognized to the extent that interest is received.

The Fund's investment in the project at March 31, 1987 includes capitalized interest of \$27,726,000 (1986 - \$27,726,000).

(c) Pursuant to section 19(1) of the Alberta Energy Company Act, the Province may not hold more than 50% of the voting shares of the company and the aggregate amount that the Province may have invested in the company at any time, or be committed to invest, in common shares shall not exceed \$250 million as the purchase price thereof. At March 31, 1987 the Fund held 19,257,732 common shares of the company (1986 - 16,506,627 common shares) representing 37% (1986 - 37%) of the total number of issued and outstanding voting shares of the company.

The company reported retained earnings at December 31, 1986 of \$154,600,000 (1985 - \$221,400,000).

(d) Authorization has been given to pay from the Fund the Province's share of construction and operating costs incurred under the Syncrude Project - Ownership and Management Agreement. As a 16.74% participant in the project the Fund is, as lessee, entitled to its proportionate share of all substances produced subject to the liabilities to the Province of Alberta, as lessor, in accordance with the Alberta Crown Agreement. The Fund's participation in the project is summarized hereunder:

	1987	1986
Balance at beginning of year	\$ 458,595,000	\$ 439,035,000
Advances	158,203,000	206,256,000
Repayments	(167,054,000)	(258,718,000)
Net profit for the year	<u>33,572,000</u>	<u>72,022,000</u>
Balance at end of year	<u>\$ 483,316,000</u>	<u>\$ 458,595,000</u>

In March 1985 the participants in the project approved acquisitions of capital assets over the ensuing 3 years which will cost them approximately \$750 million. The Fund's share of the cost will amount to approximately \$126 million, of which \$73.2 million has been paid to March 31, 1987.

Schedule

**ALBERTA HERITAGE SAVINGS TRUST FUND
ENERGY INVESTMENT DIVISION INVESTMENTS
MARCH 31, 1987**

	1987	1986
	(thousands of dollars)	
Corporate debenture:		
Luscar Ltd.		
13.875% maturing on December 2, 1989	<u>\$8,750</u>	<u>\$16,250</u>

Repayable in quarterly instalments of \$1,250,000. An additional instalment to a maximum of \$2,500,000 each year may be made at the company's option with a premium.

**ALBERTA HERITAGE SAVINGS TRUST FUND
COMMERCIAL INVESTMENT DIVISION INVESTMENTS
MARCH 31, 1987**

	1987		1986	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Canadian equities (a):				
Common shares:				
Communications and media	\$ 15,621	\$ 35,244	\$ 7,074	\$ 20,912
Consumer products	17,358	44,481	23,381	48,329
Financial services	20,159	29,558	7,369	18,456
Gold and silver	14,313	34,077	8,583	13,063
Industrial products	19,601	39,757	20,267	37,562
Management companies	12,059	39,051	16,492	33,283
Merchandising	16,263	39,250	15,575	36,356
Metals and minerals	25,401	44,213	24,222	35,512
Oil and gas	35,203	58,515	29,886	34,831
Paper and forest products	10,064	37,028	10,064	21,850
Pipelines	12,416	19,550	10,200	13,283
Transportation	2,584	11,957	3,036	6,116
Utilities	15,084	27,154	15,168	24,818
Preferred shares:				
Merchandising	2,124	4,331	2,124	4,463
Financial services	5,157	5,187	—	—
	223,407	469,353	193,441	348,834
Convertible bonds	—	—	15,034	16,973
Short-term money market securities (b):				
Treasury bills:				
Government of Canada	9,345	9,345	8,797	8,797
	\$232,752	\$478,698	\$217,272	\$374,604

(a) The industrial classifications are those used by the Toronto Stock Exchange.

(b) The market value of short-term money market securities is estimated to approximate cost.

**ALBERTA HERITAGE SAVINGS TRUST FUND
CAPITAL PROJECTS DIVISION INVESTMENTS - ASSETS
MARCH 31, 1987**

<u>Department/Project</u>	1987		1986	
	(thousands of dollars)			
Economic Development and Trade				
Venture Capital Financing - Vencap Equities Alberta Ltd. (a)		\$199,997		\$199,998

(a) The outstanding balance of the loan to Vencap Equities Alberta Ltd. (Vencap) is repayable in instalments of \$1,000 in each of the years 1987 to 2002, inclusive, in instalments of \$15,000,000 in each of the years 2003 to 2012, inclusive, and a final instalment of \$49,981,000 in 2013. In the current year interest on the participating debenture securing the loan amounts to 50% (1986 - 50%) of the defined net income of Vencap. This percentage reduces as the loan is repaid and convertible debentures amounting to \$40,000,000, maturing July 2, 1998, and guaranteed by the Province, are converted or redeemed. For 20 years following full repayment of the loan, the Fund will receive 10% of the defined net income of Vencap.

As further consideration for the loan the Province has been granted an option to purchase up to 4,000,000 special shares at \$1 each, exclusive to the Province, convertible into common shares of Vencap. The purchase option expires on the later of the repayment of the loan and the redemption or conversion of the convertible debentures, on which later date the 20% voting rights attaching to each and all of the special shares cease.

**ALBERTA HERITAGE SAVINGS TRUST FUND
CAPITAL PROJECTS DIVISION INVESTMENTS - DEEMED ASSETS
MARCH 31, 1987**

<u>Department/Project</u>		<u>1987</u>	<u>1986</u>
		(thousands of dollars)	
Advanced Education			
Alberta Heritage Scholarship Fund	\$ 100,000	\$ 100,000	
Library Development	9,000	9,000	
Agriculture			
Farming For The Future	39,149	34,438	
Food Processing Development Centre	9,013	8,165	
Irrigation Rehabilitation and Expansion	212,121	182,214	
Community and Occupational Health			
Occupational Health and Safety Research and Education	5,338	3,924	
Economic Development and Trade			
Rail Hopper Cars	53,779	53,779	
Education			
Alberta Heritage Learning Resources	9,222	9,222	
Energy			
Alberta Oil Sands Technology and Research Authority	382,849	351,449	
Environment			
Irrigation Headworks and Main Irrigation Systems Improvement	315,255	255,351	
Land Reclamation	29,133	26,298	
Lesser Slave Lake Outlet	2,889	2,889	
Paddle River Basin Development	41,781	41,312	
Forestry, Lands and Wildlife			
Alberta Reforestation Nursery	14,739	14,739	
Grazing Reserves Development	35,924	31,515	
Maintaining Our Forests	24,960	24,236	
Hospitals and Medical Care			
Alberta Children's Provincial General Hospital	40,477	40,477	
Applied Cancer Research	34,050	29,244	
Applied Heart Disease Research	29,341	29,341	
Tom Baker Cancer Centre and Special Services Facility	93,204	93,204	
Walter C. Mackenzie Health Sciences Centre	388,010	355,998	
Alberta Heritage Foundation for Medical Research Endowment Fund	300,000	300,000	
Public Works, Supply and Services			
Capital City Recreation Park	42,310	42,243	
Fish Creek Provincial Park (Land)	28,237	28,161	
Recreation and Parks			
Fish Creek Provincial Park (Development)	16,859	16,859	
Kananaskis Country Recreation Development	221,238	211,792	
Municipal Recreation/Tourism Areas	3,475	—	
Urban Parks	86,650	82,408	
Technology, Research and Telecommunications			
Electronics Test Centre	6,175	5,610	
Microchip Design and Fabrication Facilities	7,750	2,254	
Transportation and Utilities			
Airport Terminal Buildings	16,359	16,359	
Universal Rural Private Telephone Line Service	30,000	—	
	<u>\$2,629,287</u>	<u>\$2,402,481</u>	

GULATED FUNDS

ALBERTA HERITAGE SCHOLARSHIP FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Investments

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Heritage Scholarship Fund as at March 31, 1987 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
August 20, 1987

ALBERTA HERITAGE SCHOLARSHIP FUND
BALANCE SHEET
MARCH 31, 1987

	1987	1986
ASSETS		
Cash (Note 3)	\$ 8,210,695	\$ 6,503,662
Accrued interest and accounts receivable	3,407,086	3,226,624
Investments, Schedule I	<u>137,279,269</u>	<u>129,306,710</u>
	<u>\$148,897,050</u>	<u>\$139,036,996</u>
LIABILITIES, ENDOWMENT AND RETAINED EARNINGS		
Liabilities:		
Accounts payable	\$ 132,355	\$ 2,378
Endowment (Note 5)	100,000,000	100,000,000
Retained earnings (Note 5)	<u>48,764,695</u>	<u>39,034,618</u>
	<u>\$148,897,050</u>	<u>\$139,036,996</u>

The accompanying notes are part
of these financial statements.

ALBERTA HERITAGE SCHOLARSHIP FUND
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Income:		
Investment income	\$16,535,237	\$16,010,740
Net gain on disposals of investments	1,991,472	544,434
Amortization of deferred realized gains and losses on investments	284,017	272,930
Write-down of investments and provision for decline in market value	(46,235)	(173,486)
Net income (Note 4)	18,764,491	16,654,618
Alberta Heritage Scholarships	9,034,414	8,392,487
Net increase in retained earnings	9,730,077	8,262,131
Retained earnings at beginning of year	39,034,618	30,772,487
Retained earnings at end of year	<u>\$48,764,695</u>	<u>\$39,034,618</u>

REGULATED FUNDS

**ALBERTA HERITAGE SCHOLARSHIP FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Operating transactions:		
Net income	\$18,764,491	\$16,654,618
Non-cash items:		
Amortization of discount/premium on investments, net	(4,203,284)	(3,507,301)
Net gain on disposals of investments	(1,991,472)	(544,434)
Amortization of deferred realized gains and losses on investments	(284,017)	(272,930)
Write-down of investments and provision for decline in market value	46,235	173,486
Increase in receivables	(180,462)	(202,065)
Increase (decrease) in payables	129,977	(14,743)
Cash provided by operating transactions	<u>12,281,468</u>	<u>12,286,631</u>
Investing transactions:		
Proceeds from disposals, repayments and redemptions of investments	33,223,029	28,869,707
Investments	(35,009,421)	(37,084,299)
Deferred realized gains and losses on investments	246,371	152,262
Cash applied to investing transactions	<u>(1,540,021)</u>	<u>(8,062,330)</u>
Alberta Heritage Scholarships	(9,034,414)	(8,392,487)
Increase (decrease) in cash	1,707,033	(4,168,186)
Cash at beginning of year	<u>6,503,662</u>	<u>10,671,848</u>
Cash at end of year	<u>\$ 8,210,695</u>	<u>\$ 6,503,662</u>

**ALBERTA HERITAGE SCHOLARSHIP FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Heritage Scholarship Fund operates under the authority of the Alberta Heritage Scholarship Act, Chapter A-27.1, Statutes of Alberta 1981.

Note 2 Significant Accounting Policies and Reporting Practices

- (i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:
 - (a) Bonds, bond coupons and residuals, mid-term money market securities and mortgages are carried at cost adjusted for deferred unamortized realized gains and losses. Realized gains and losses on disposals of these investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.
- (ii) Other significant accounting policies are as follows:
 - (a) Common and preferred shares, warrants, pooled equity trust units and short-term money market securities are carried at cost. Realized gains and losses on disposals of these investments are included in the determination of net income.

- (b) Investments in real estate are carried at the lower of cost and appraised value. (See Schedule 1 Note (c)).
 Rental income less expenses is included in the determination of investment income of the Fund as participating interest received or accrued on the debentures. (See Schedule 1 Note (c)).
 Realized gains and losses on disposals of these investments are included in the determination of net income.
- (c) The cost of investments includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.
 The cost of investments disposed of is determined on the average cost basis.
- (d) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.
- (e) Each asset, liability, revenue or expense arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.
 At the balance sheet date, cash, accrued interest and accounts receivable, short-term money market securities and accounts payable denominated in foreign currency are translated at the rate of exchange in effect at that date.
 Gains and losses arising from the translation of foreign currencies are included in the determination of net income except that unrealized exchange gains or losses relating to hedged monetary assets are deferred. Amounts deferred are included in accounts payable.

Note 3 Cash

	1987	1986
Deposit in the Consolidated Cash		
Investment Trust Fund	\$6,855,645	\$5,134,766
U.S. dollar bank accounts	<u>1,355,050</u>	<u>1,368,896</u>
	<u>\$8,210,695</u>	<u>\$6,503,662</u>

Note 4 Segmented Information

Segmented information on net income is as follows:

	1987	1986
Cash	\$ 522,317	\$ 1,089,978
Bonds	9,341,991	7,458,448
Bond coupons and residuals	4,400,340	4,312,388
Money market securities	1,048,519	1,736,959
Mortgages	825,359	1,038,369
Common and preferred shares, warrants and pooled equity trust units	2,515,626	1,118,311
Real estate	<u>110,339</u>	<u>(99,835)</u>
	<u>\$18,764,491</u>	<u>\$16,654,618</u>

Note 5 Endowment

The endowment was received from the Alberta Heritage Savings Trust Fund on June 18, 1981. The Alberta Heritage Scholarship Act provides that money required by the Students Finance Board for providing scholarships shall be paid from the Fund, but no money shall be paid out of the Fund if the payment would result in the value of the assets of the Fund, at cost, being less than the endowment received by the Fund.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA HERITAGE SCHOLARSHIP FUND
INVESTMENTS
MARCH 31, 1987

	1987			1986	
	Par Value	Book Value	Market Value	Book Value	Market Value
Bonds:					
Government of Canada, direct and guaranteed	\$ 58,775,000	\$ 60,748,146	\$ 71,071,193	\$ 55,837,159	\$ 65,277,879
Provincial:					
Alberta, guaranteed	2,000,000	2,027,636	2,116,275	1,259,999	1,277,908
Other, direct and guaranteed	2,225,000	2,214,110	2,289,113	1,498,168	1,539,947
Municipal	460,000	459,941	470,712	459,701	496,579
Corporate	6,504,876	6,653,217	7,297,305	5,402,389	6,052,265
Corporate, convertible	783,000	823,775	834,260	1,221,382	1,290,500
Mid-term money market securities:					
Promissory notes	1,975,000	1,973,986	2,146,430	3,863,770	4,129,042
Certificates of deposit	—	—	—	1,016,912	1,023,360
Mortgages	6,247,041	6,349,604	8,048,629	5,559,556	6,968,595
Bond coupons and residuals:					
Government of Canada, direct		34,828,646	36,159,724	32,193,762	33,640,999
Deferred unamortized realized gains and losses		(1,072,578)	—	(1,110,224)	—
	<u>115,006,483</u>	<u>130,433,641</u>		<u>107,202,574</u>	<u>121,697,074</u>
Short-term money market securities (a):					
Treasury bills:					
Government of Canada	977,038	977,038	4,041,451	4,041,451	
Government of the United States of America	—	—	1,534,383	1,534,383	
Promissory notes	241,433	241,433	1,437,171	1,437,171	
Bankers' acceptance	—	—	241,359	241,359	
Common and preferred shares, warrants and pooled equity trust units:					
Quoted securities	16,920,162	26,708,458	12,441,620	20,237,398	
Unquoted securities (b)	2,616,958	2,575,865	944,784	936,747	
Real estate - cost					
\$1,659,137 (1986 - \$1,636,854) (c)	<u>1,517,195</u>	<u>1,517,195</u>	<u>1,463,368</u>	<u>1,463,368</u>	
	<u>\$137,279,269</u>	<u>\$162,453,630</u>	<u>\$129,306,710</u>	<u>\$151,588,951</u>	

- (a) The market value of short-term money market securities is estimated to approximate cost.
- (b) The market value of unquoted common and preferred shares and warrants is estimated by management appraisal.
- (c) Real estate is held through an intermediate company which has issued participating debentures secured by a charge on the real estate. The rental income less expenses is distributed to the Fund as participating interest on the debentures.

The market value of real estate is estimated by independent appraisal.

ALBERTA PROVINCIAL CORPORATION LOAN FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Expense
Notes to the Financial Statements
Schedule of Loans to Provincial Corporations
Schedule of Short-Term Debt

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Provincial Corporation Loan Fund as at March 31, 1987 and the statement of income and expense for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
May 28, 1987

EGULATED FUNDS

ALBERTA PROVINCIAL CORPORATION LOAN FUND
BALANCE SHEET
MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
ASSETS		
Accrued interest receivable	\$ —	\$ 191,965
Loans to Provincial corporations, Schedule 1	<u>118,650,903</u>	<u>36,700,000</u>
	<u><u>\$118,650,903</u></u>	<u><u>\$36,891,965</u></u>
LIABILITIES		
Accrued interest payable	\$ —	\$ 191,965
Short-term debt, Schedule 2	<u>118,650,903</u>	<u>36,700,000</u>
	<u><u>\$118,650,903</u></u>	<u><u>\$36,891,965</u></u>

The accompanying notes are part
of these financial statements.

ALBERTA PROVINCIAL CORPORATION LOAN FUND
STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
Income on loans to Provincial corporations	<u>4,637,266</u>	<u>32,264,021</u>
Discount and interest expense on short-term debt	<u>4,637,266</u>	<u>32,264,021</u>

**ALBERTA PROVINCIAL CORPORATION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Provincial Corporation Loan Fund operates under the authority of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended. Money borrowed by the Province pursuant to section 61(1)(a) of the Act is deposited in the Fund and loaned to Provincial corporations pursuant to section 62.1(2) of the Act.

Note 2 Significant Accounting Policies and Reporting Practices

Loans and Debt

Money borrowed by the Province and deposited in the Fund is loaned to Provincial corporations on equivalent terms and therefore income on loans to Provincial corporations and discount and interest expense on short-term debt have been accrued on a matching basis.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Expenses

Costs, including debt issue expenses, incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Approval of Financial Statements

These financial statements were approved by management.

EGULATED FUNDS

Schedule 1

**ALBERTA PROVINCIAL CORPORATION LOAN FUND
LOANS TO PROVINCIAL CORPORATIONS
MARCH 31, 1987**

	1987	1986
Alberta Government Telephones Commission	\$109,634,805	\$ —
Alberta Mortgage and Housing Corporation	4,985,675	36,700,000
Alberta Opportunity Company	4,030,423	—
	<u>\$118,650,903</u>	<u>\$36,700,000</u>

Schedule 2

**ALBERTA PROVINCIAL CORPORATION LOAN FUND
SHORT-TERM DEBT
MARCH 31, 1987**

	1987	1986
Short-term promissory notes at face amount	\$119,100,000	\$35,000,000
Less: Unamortized discount	449,097	—
	<u>118,650,903</u>	<u>35,000,000</u>
Short-term bank loan	—	1,700,000
	<u>\$118,650,903</u>	<u>\$36,700,000</u>

FARM CREDIT STABILITY FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Unmatured Debt

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Farm Credit Stability Fund as at March 31, 1987 and the statements of revenue and expenditure and changes in financial position for the nine months then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 31, 1987

REGULATED FUNDS

**FARM CREDIT STABILITY FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

ASSETS	
Cash	\$ 843,148
Accrued interest receivable	20,665,910
Due from the General Revenue Fund	14,019,581
Deposits in lending institutions	<u>1,122,372,612</u>
	<u>\$1,157,901,251</u>
LIABILITIES	
Accrued interest and accounts payable	\$ 16,042,585
Unmatured debt, Schedule 1	<u>1,141,858,666</u>
	<u>\$1,157,901,251</u>

The accompanying notes are part
of these financial statements.

**FARM CREDIT STABILITY FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE NINE MONTHS ENDED MARCH 31, 1987**

Revenue:	
Interest on deposits in lending institutions	\$31,386,378
Other	<u>2,965,501</u>
	<u>34,351,879</u>
Expenditure:	
Discount and interest expense on debt	32,231,980
Administrative fees and other costs paid to lending institutions	<u>16,139,480</u>
	<u>48,371,460</u>
Excess of expenditure over revenue	14,019,581
Contribution by the General Revenue Fund	<u>14,019,581</u>
	<u>\$ —</u>

**FARM CREDIT STABILITY FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS ENDED MARCH 31, 1987**

Operating transactions:	
Non-cash items:	
Amortization of discount on debt	\$ 23,207,127
Amortization of deferred unrealized exchange gains and losses on debt	(1,370,526)
Increase in receivables	(34,685,491)
Increase in payables	<u>16,042,585</u>
Cash provided by operating transactions	<u>3,193,695</u>
Investing transactions:	
Repayment of deposits by lending institutions	1,704,042
Deposits in lending institutions	<u>(1,124,076,654)</u>
Cash applied to investing transactions	<u>(1,122,372,612)</u>
Financing transactions:	
Debt issues, net	1,120,022,065
Cash provided by financing transactions	<u>1,120,022,065</u>
Increase in cash and cash at end of the period	<u>\$ 843,148</u>

**FARM CREDIT STABILITY FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Farm Credit Stability Fund operates under the authority of the Farm Credit Stability Fund Act, Chapter F-2.5, Statutes of Alberta 1986. Section 3(1) of the Act which authorizes the establishment of the Fund is deemed to have come into force on July 1, 1986. The Fund commenced activities on August 1, 1986.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) Money borrowed by the Province and deposited in the Fund is reported as debt of the Fund. Discount on debt, which includes issue expenses, is deferred and amortized over the term of the debt.
- (b) Each asset, liability, revenue or expenditure arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.

Unmatured debt, cash, accrued interest receivable, accrued interest and accounts payable denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenue and expenditure items are translated at historical exchange rates.

Gains and losses arising from the translation of foreign currency denominated monetary items are included in the determination of other revenue, except unrealized gains or losses relating to unmatured debt which are deferred and amortized over the term of the debt. Amounts deferred are included in unmatured debt.

Note 3 Financial Structure

The Fund finances farm loans by maintaining deposits in lending institutions equalling the amount of loans outstanding. Deposits in lending institutions yield a fixed effective rate of 9% per annum. The deposits are financed from money borrowed by the Province and deposited in the Fund. Qualifying farmers throughout the Province may obtain loans of up to \$200,000 per farm family and \$600,000 per farm business from participating lending institutions.

Farm loans bear interest at a fixed effective rate of 9% per annum and have terms of between 10 to 20 years.

Administrative fees and other costs with respect to the loans are paid to lending institutions from the Fund. Any payments to lending institutions resulting from loan guarantees by the Provincial Treasurer will be made from the General Revenue Fund.

Section 7 of the Act provides that if the Fund has insufficient money to make payments in connection with borrowings, deposits in and other payments to lending institutions, the amount of the insufficiency will be paid from the General Revenue Fund into the Fund.

The excess of expenditure over revenue of the Fund is met by a contribution from the General Revenue Fund.

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Commitments

At March 31, 1987, the Province was committed to make from the Fund further deposits of \$360 million in lending institutions to match loans to be made to an amount of \$1,484 million approved by the Province.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

FARM CREDIT STABILITY FUND
UNMATURED DEBT
MARCH 31, 1987

	Par Value	Book Value
Short-term promissory notes (a)	\$739,000,000	\$ 733,948,660
Euro U.S. dollar notes 7.375% due December 9, 1991	(b)	386,936,062
Deferred unrealized exchange gains and losses on debt		<u>20,973,944</u>
		<u>\$1,141,858,666</u>

(a) held by the Alberta Heritage Savings Trust Fund.

(b) United States \$300,000,000.

GULATED FUNDS

PENSION FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Fund Equity
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Investments

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Pension Fund as at March 31, 1987 and the statements of income and fund equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Pension Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
September 30, 1987

PENSION FUND
BALANCE SHEET
MARCH 31, 1987
(thousands of dollars)

	1987	1986
ASSETS		
Cash (Note 4)	\$ 25,907	\$ 20,893
Accrued interest and accounts receivable	75,742	60,232
Due from the General Revenue Fund	11,190	8,817
Investments, Schedule I	<u>3,389,459</u>	<u>2,933,337</u>
	<u>\$3,502,298</u>	<u>\$3,023,279</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 4,170	\$ 12,578
Fund equity	<u>3,498,128</u>	<u>3,010,701</u>
	<u>\$3,502,298</u>	<u>\$3,023,279</u>

The accompanying notes are part of these financial statements.

PENSION FUND
STATEMENT OF INCOME AND FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

	1987	1986
Income:		
Investment income	\$ 298,988	\$ 272,104
Net gain on disposals of investments	42,631	40,226
Amortization of deferred realized gains and losses on investments	11,200	5,364
Amortization of deferred exchange gains and losses on forward exchange contracts	75	(1,110)
Write-down of investments and provision for decline in market value	<u>(3,656)</u>	<u>(3,387)</u>
Net income (Note 5)	349,238	313,197
Net transfer from the General Revenue Fund (Note 6)	<u>138,189</u>	<u>134,069</u>
Net increase in fund equity	487,427	447,266
Fund equity at beginning of year	<u>3,010,701</u>	<u>2,563,435</u>
Fund equity at end of year	<u>\$3,498,128</u>	<u>\$3,010,701</u>

GULATED FUNDS

PENSION FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

	1987	1986
Operating transactions:		
Net income	\$ 349,238	\$ 313,197
Non-cash items:		
Amortization of discount/premium on investments, net	(29,838)	(52,766)
Amortization of deferred realized gains and losses on investments	(11,200)	(5,364)
Net gain on disposals of investments	(42,631)	(40,226)
Write-down of investments and provision for decline in market value	3,656	3,387
Increase in receivables	(17,883)	(5,423)
Increase (decrease) in payables	(8,408)	7,088
Cash provided by operating transactions	<u>242,934</u>	<u>219,893</u>
Investing transactions:		
Proceeds from disposals, repayments and redemptions of investments	2,019,700	2,186,369
Investments	(2,437,101)	(2,643,174)
Deferred realized gains and losses on investments	41,292	14,514
Cash applied to investing transactions	(376,109)	(442,291)
Net transfer from the General Revenue Fund	<u>138,189</u>	<u>134,069</u>
/ Increase (decrease) in cash	5,014	(88,329)
Cash at beginning of year	20,893	109,222
Cash at end of year	<u>\$ 25,907</u>	<u>\$ 20,893</u>

PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Pension Fund operates under the authority of the Pension Fund Act, Chapter P-3.1, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

- (i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

- (a) Bonds, bond coupons and residuals, mid-term money market securities and mortgages are carried at cost adjusted for deferred unamortized realized gains and losses.

Realized gains and losses on disposals of these investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

- (ii) Other significant accounting policies are as follows:

- (a) Short-term money market securities, common and preferred shares, warrants, pooled equity trust units and energy fund units are carried at cost.

Realized gains and losses on disposals of these investments are included in the determination of net income.

- (b) Investments in real estate are carried at the lower of cost and appraised value (see Schedule 1 Note (d)).

Rental income less expenses and other adjustments is included in the determination of investment income as participating interest received or accrued on the debentures (see Schedule 1 Note (d)).

Realized gains and losses on disposals of these investments are included in the determination of net income.

- (c) The cost of investments includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.

The cost of investments disposed of is determined on the average cost basis.

- (d) Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.

- (e) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

- (f) Each asset, liability, revenue or expense arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.

At the balance sheet date, cash, accrued interest and accounts receivable, short-term money market securities and accounts payable denominated in foreign currency are translated at the rate of exchange in effect at that date.

Gains and losses arising from the translation of foreign currencies are included in the determination of net income except that unrealized exchange gains or losses relating to hedged monetary assets are deferred. Amounts deferred are included in accounts payable.

- (g) The liability of the Pension Fund in respect of accrued pension obligations is not included in the determination of fund equity.

GULATED FUNDS**Note 3 Accrued Pension Obligations**

At March 31, 1987, the total estimated liability for accrued pension obligations exceeded the recorded net assets of the Pension Fund. On the exhaustion of Pension Fund assets, pension payments are to be charged to the General Revenue Fund.

Note 4 Cash

	1987	1986
Deposit in the Consolidated Cash		
Investment Trust Fund	\$ 14,551,000	\$ 17,616,000
U.S. dollar bank accounts	<u>11,356,000</u>	<u>3,277,000</u>
	<u>\$ 25,907,000</u>	<u>\$ 20,893,000</u>

Note 5 Segmented Information

Segmented information on net income is as follows:

	1987	1986
Cash	\$ 3,656,000	\$ 8,839,000
Bonds	210,365,000	160,461,000
Money market securities	29,950,000	52,690,000
Bond coupons and residuals	22,833,000	19,198,000
Mortgages	8,993,000	7,027,000
Quoted common and preferred shares, warrants and pooled equity trust units	67,140,000	59,678,000
Real estate	6,219,000	3,175,000
Energy fund units and real estate fund units	53,000	1,523,000
Unquoted common and preferred shares and warrants	<u>29,000</u>	<u>606,000</u>
	<u>\$349,238,000</u>	<u>\$313,197,000</u>

Note 6 Net Transfer from the General Revenue Fund

In accordance with section 5 of the Pension Fund Act monies received and paid by the Provincial Treasurer pursuant to the following Pension Plan Acts are deposited in and paid from the General Revenue Fund:

- Local Authorities Pension Plan Act
- Members of the Legislative Assembly Pension Plan Act
- Public Service Management Pension Plan Act
- Public Service Pension Plan Act
- Special Forces Pension Plan Act
- Universities Academic Pension Plan Act

The difference between the receipts and payments is subsequently transferred to or from the Pension Fund. The net transfer from the General Revenue Fund represents the excess of pension receipts over pension payments for the year.

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

**PENSION FUND
INVESTMENTS
MARCH 31, 1987
(thousands of dollars)**

	1987			1986	
	Par Value	Book Value	Market Value	Book Value	Market Value
Bonds:					
Government of Canada, direct and guaranteed Provincial:	\$ 1,323,728	\$ 1,375,778	\$ 1,518,041	\$ 1,256,500	\$ 1,411,736
Alberta, guaranteed	224,500	234,511	239,013	30,277	30,992
Other, direct and guaranteed	295,043	296,209	306,008	109,109	112,462
Corporate (a)	(a) 184,276	191,759	102,756	113,372	
Corporate, convertible	15,776	16,455	17,254	12,146	9,784
Municipal	2,450	2,922	3,077	—	—
Mid-term money market securities:					
Promissory notes:					
Province of Alberta, direct	—	—	—	40,000	40,044
Government of the United States of America, direct	(b) 37,800	16,406	17,370	36,752	43,139
Other	37,800	37,802	38,684	21,075	21,391
Guaranteed investment certificates	15,000	15,000	16,582	—	—
Mortgages	94,589	94,261	107,983	54,564	64,300
Bond coupons and residuals:					
Government of Canada, direct		126,080	131,509	161,377	169,138
Deferred unamortized realized gains and losses		(60,728)	—	(30,636)	—
	2,338,972	2,587,280		1,793,920	2,016,358
Short-term money market securities (c):					
Promissory notes	—	—	—	9,342	9,342
Treasury bills:					
Government of Canada	123,937	123,937	409,033	409,033	
Government of the United States of America	—	—	11,856	11,856	
Certificate of deposit	5,221	5,221	—	—	—
Quoted common and preferred shares, warrants and pooled equity trust units	775,691	1,193,923	611,154	884,620	
Energy fund units	1,471	1,253	1,418	1,413	
	3,245,292	\$ 3,911,614		2,836,723	\$ 3,332,622
Unquoted common and preferred shares and warrants		35,250		19,631	
Real estate - cost \$112,694 (1986 - \$79,415) (d)		108,917		76,983	
		\$ 3,389,459		\$ 2,933,337	

(a) Comprises Canadian \$171,920,000 and United States \$9,000,000.

(b) United States \$13,000,000.

(c) The market value of short-term money market securities is estimated to approximate cost.

(d) Real estate is held through intermediate companies which have issued participating debentures secured by a charge on the real estate. The rental income less expenses and other adjustments is distributed to the Fund as participating interest on the debentures.

GULATED FUNDS

SMALL BUSINESS TERM ASSISTANCE FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Unmatured Debt

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Small Business Term Assistance Fund as at March 31, 1987 and the statements of revenue and expenditure and changes in financial position for the nine months then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 24, 1987

SMALL BUSINESS TERM ASSISTANCE FUND
BALANCE SHEET
AS AT MARCH 31, 1987

	ASSETS	
Cash	\$ 790,101	
Accrued interest receivable	8,359,410	
Due from the General Revenue Fund	4,735,285	
Deposits in lending institutions	<u>500,792,551</u>	
	<u>\$514,677,347</u>	

	LIABILITIES	
Accrued interest and accounts payable	\$ 9,968,950	
Unmatured debt, Schedule I	504,708,397	
	<u>\$514,677,347</u>	

The accompanying notes are part
of these financial statements.

GULATED FUNDS

**SMALL BUSINESS TERM ASSISTANCE FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE NINE MONTHS ENDED MARCH 31, 1987**

Revenue:	
Interest on deposits in lending institutions	\$ 10,591,825
Other	<u>2,100,037</u>
	<u>12,691,862</u>
Expenditure:	
Discount and interest expense on debt	11,871,910
Administration fees and other costs paid to lending institutions	<u>5,555,237</u>
	<u>17,427,147</u>
Excess of expenditure over revenue	4,735,285
Contribution by the General Revenue Fund	<u>4,735,285</u>
	<u>\$ —</u>

**SMALL BUSINESS TERM ASSISTANCE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS ENDED MARCH 31, 1987**

Operating transactions:	
Non-cash items:	
Amortization of discount on debt	\$ 5,855,341
Amortization of deferred unrealized exchange gains and losses on debt	(913,684)
Increase in receivables	(13,094,695)
Increase in payables	9,968,950
Cash provided by operating transactions	<u>1,815,912</u>
Investing transactions:	
Repayment of deposits by lending institutions	4,773,643
Deposits in lending institutions	<u>(505,566,194)</u>
Cash applied to investing transactions	<u>(500,792,551)</u>
Financing transactions:	
Debt issues, net	499,766,740
Cash provided by financing transactions	<u>499,766,740</u>
Increase in cash and cash at end of the period	<u>\$ 790,101</u>

**SMALL BUSINESS TERM ASSISTANCE FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Small Business Term Assistance Fund operates under the authority of the Small Business Term Assistance Fund Act, Chapter S-13.7, Statutes of Alberta 1986. Section 3(1) of the Act which authorizes the establishment of the Fund is deemed to have come into force on July 1, 1986. The Fund commenced activities on October 1, 1986.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) Money borrowed by the Province and deposited in the Fund is reported as debt of the Fund. Discount on debt, which includes issue expenses, is deferred and amortized over the term of the debt.
- (b) Each asset, liability, revenue or expenditure arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date. Unmatured debt, cash, accrued interest receivable, accrued interest and accounts payable, denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenue and expenditure items are translated at historical exchange rates. Gains and losses arising from the translation of foreign currency denominated monetary items are included in the determination of other revenue, except unrealized exchange gains or losses relating to unmatured debt which are deferred and amortized over the term of the debt. Amounts deferred are included in unmatured debt.

Note 3 Financial Structure

The Fund finances small business loans by maintaining deposits in lending institutions equalling the amount of loans outstanding. Deposits in lending institutions yield a fixed effective rate of 9% per annum. The deposits are financed from money borrowed by the Province and deposited in the Fund.

Qualifying small businesses throughout the Province may obtain loans of up to \$150,000 per small business from participating lending institutions. Small business loans bear interest at a fixed effective rate of 9% per annum and have terms of between 3 to 10 years.

Administrative fees and other costs with respect to the loans are paid to lending institutions from the Fund. Any payments to lending institutions resulting from loan guarantees by the Provincial Treasurer will be made from the General Revenue Fund.

Section 7 of the Act provides that if the Fund has insufficient money to make payments in connection with borrowings, deposits in and other payments to lending institutions, the amount of the insufficiency will be paid from the General Revenue Fund into the Fund.

The excess of expenditure over revenue of the Fund is met by a contribution from the General Revenue Fund.

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Commitments

At March 31, 1987, the Province was committed to make from the Fund further deposits of \$360 million in lending institutions to match loans to be made to an amount of \$866 million approved by the Province.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

SMALL BUSINESS TERM ASSISTANCE FUND
UNMATURED DEBT
MARCH 31, 1987

	Par Value	Book Value
Short-term promissory notes (a)	\$235,000,000	\$232,768,393
Euro U.S. dollar notes 7.375% due December 9, 1991	(b)	257,957,375
Deferred unrealized exchange gains and losses on debt		13,982,629
		<u>\$504,708,397</u>

(a) held by the Alberta Heritage Savings Trust Fund.
(b) United States \$200,000,000.

REGULATED FUNDS

**OTHER REGULATED FUNDS
SUMMARY FINANCIAL STATEMENTS
MARCH 31, 1987**

Auditor's Report

Summary Statement of Assets, Liabilities and Fund Equities

Summary Statement of Revenue, Expenditure and Fund Equities

Notes to the Summary Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the summary statement of assets, liabilities and fund equities of the Other Regulated Funds as at March 31, 1987 and the summary statement of revenue, expenditure and fund equities for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these summary financial statements present fairly the financial position of the Other Regulated Funds as at March 31, 1987 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta

October 2, 1987

OTHER REGULATED FUNDS
SUMMARY STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
MARCH 31, 1987

	Assets							
			Due from Province of Alberta Funds and Agencies	Accounts Receivable and Accrued Interest	Loans Receivable	Investments (Note 3)		
	Cash							
Advanced Education:								
Students Loan Fund	\$ 18,058	\$ —	\$ 123,807	\$ 257,124	\$ —	\$ 398,9		
Agriculture:								
Crop Reinsurance Fund of Alberta	—	—	—	—	—	—		
Livestock Patrons' Assurance Fund	413,474	—	6,914	—	—	43,953	464,	
Stray Animals Act Fund	31,292	—	—	—	—	—	31,	
Attorney General:								
Chattel Security Registries Assurance Fund	274,108	—	13,457	—	—	—	287,	
Registrar's Assurance Fund	1,081,782	—	87,069	—	—	—	1,168,	
Economic Development and Trade:								
Motion Picture Development Fund	1,934,637	1,053,706	—	—	—	—	2,988,	
Forestry, Lands and Wildlife:								
Fish and Wildlife Trust Fund	4,965,805	—	304,037	—	—	—	5,269,	
Homestead Lease Loan Fund	3,303	—	3,333	4.687	—	—	11,	
Treasury:								
Alberta Risk Management Fund	332,483	1,959,356	264,309	—	—	—	2,556,	
Utility Companies Income Tax Rebates Fund	232,682,110	21,630,841	16,884	—	—	—	254,329,	
Transportation and Utilities:								
Natural Gas Rebates Fund	1,132,426	—	75,184	—	—	—	1,207,	
Total 1987	\$ 242,869,478	\$ 24,643,903	\$ 894,994	\$ 261,811	\$ 43,953	\$ 268,714,		
Total 1986	\$ 259,112,621	\$ 19,345,940	\$ 2,013,584	\$ 277,308	\$ 43,944	\$ 280,793,		

The accompanying notes are part of these financial statements

OTHER REGULATED FUNDS
SUMMARY STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITIES
FOR THE YEAR ENDED MARCH 31, 1987

	Revenue						
			Fees Assessments and Contributions	Transfers from Province of Alberta Funds and Agencies	Other		
	Interest (Note 4)						
Advanced Education:							
Students Loan Fund	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Agriculture:							
Crop Reinsurance Fund of Alberta	—	—	—	21,689,597	—	21,689,	
Livestock Patrons' Assurance Fund	29,660	70,690	—	—	186,650	287,	
Stray Animals Act Fund	—	—	—	—	24,275	24,	
Attorney General:							
Chattel Security Registries Assurance Fund	27,643	159,922	—	—	—	187,	
Registrar's Assurance Fund	881	986,266	—	—	113,179	1,100,	
Economic Development and Trade:							
Motion Picture Development Fund	427,470	—	—	—	—	427,	
Forestry, Lands and Wildlife:							
Fish and Wildlife Trust Fund	513,926	3,277,119	3,850,000	—	—	7,641,	
Homestead Lease Loan Fund	—	—	—	—	—	—	
Treasury:							
Alberta Risk Management Fund	4,440	1,252,232	4,453,869	174,980	—	5,885,	
Utility Companies Income Tax Rebates Fund	10,031,724	220,007,737	75,119,122	—	—	305,158,	
Transportation and Utilities:							
Natural Gas Rebates Fund	565,773	—	56,808,162	—	—	57,373,	
Total 1987	\$ 11,601,517	\$ 225,753,966	\$ 161,920,750	\$ 499,084	\$ 399,775,		
Total 1986	\$ 11,715,754	\$ 220,228,171	\$ 219,672,856	\$ 22,691	\$ 451,639,		

GULATED FUNDS

Accounts Payable	Liabilities		Fund Equities	
	Payable to Province of Alberta Funds and Agencies			
		1987	1986	
—	\$ 398,989	\$ —	\$ —	
139,638	18,285,729	(18,285,729)	(19,617,191)	
12,059	—	324,703	337,806	
	—	19,233	35,113	
	—	287,565	283,412	
	—	1,168,851	1,210,889	
—	3,000,000	(11,657)	243,191	
699,907	—	4,569,935	4,848,110	
—	11,323	—	—	
2,389,303	—	166,845	—	
4,329,835	—	—	—	
334,423	873,187	—	—	
7,905,165	\$ 22,569,228	\$ (11,760,254)		
<u>8,056,234</u>	<u>\$ 45,395,833</u>		<u>\$ (12,658,670)</u>	

Grants	Expenditure					(Deficiency) of Revenue over Expenditure	Fund Equities at beginning of year	Fund Equities at end of year			
	Transfers to Province of Alberta Funds and Agencies	Supplies and Services		Other	Total						
—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —			
—	20,358,135	—	—	—	20,358,135	1,331,462	(19,617,191)	(18,285,729)			
—	—	—	300,103	300,103	—	(13,103)	337,806	324,703			
—	—	—	40,155	40,155	—	(15,880)	35,113	19,233			
—	183,412	—	—	—	183,412	4,153	283,412	287,565			
—	1,135,889	—	6,475	1,142,364	—	(42,038)	1,210,889	1,168,851			
—	—	—	682,318	682,318	—	(254,848)	243,191	(11,657)			
4,452,942	—	2,934,310	531,968	7,919,220	—	(278,175)	4,848,110	4,569,935			
—	—	—	—	—	—	—	—	—			
—	—	5,718,676	—	5,718,676	—	166,845	—	166,845			
5,158,583	—	—	—	305,158,583	—	—	—	—			
4,368,901	3,005,034	—	—	57,373,935	—	—	—	—			
3,980,426	\$ 24,682,470	\$ 8,652,986	\$ 1,561,019	\$ 398,876,901	\$ 898,416	\$ (12,658,670)	\$ (11,760,254)				
<u>4,851,536</u>	<u>\$ 68,921,371</u>	<u>\$ 2,033,520</u>	<u>\$ 1,412,429</u>	<u>\$ 497,218,856</u>	<u>\$ (45,579,384)</u>	<u>\$ 32,920,714</u>	<u>\$ (12,658,670)</u>				

OTHER REGULATED FUNDS
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authorities

The authority for operating each of the Other Regulated Funds is as follows:

- (a) Students Loan Fund - Students Finance Act, Chapter S-24, Revised Statutes of Alberta 1980, as amended.
- (b) Crop Reinsurance Fund of Alberta - Crop Insurance Agreement authorized under Order in Council 264/76 pursuant to section 43 of the Hail and Crop Insurance Act, Chapter H-1, Revised Statutes of Alberta 1980, as amended.
- (c) Livestock Patrons' Assurance Fund - Livestock and Livestock Products Act, Chapter L-24, Revised Statutes of Alberta 1980.
- (d) Stray Animals Act Fund - Stray Animals Act, Chapter S-23, Revised Statutes of Alberta 1980, as amended.
- (e) Chattel Security Registries Assurance Fund - Chattel Security Registries Act, Chapter C-7.1, Statutes of Alberta 1983.
- (f) Registrar's Assurance Fund - Land Titles Act, Chapter L-5, Revised Statutes of Alberta 1980, as amended.
- (g) Motion Picture Development Fund - Motion Picture Development Act, Chapter M-19.1, Statutes of Alberta 1981, which expires on March 31, 1989.
- (h) Fish and Wildlife Trust Fund - Wildlife Act, Chapter W-9.1, Statutes of Alberta 1984.
- (i) Homestead Lease Loan Fund - Homestead Lease Loan Act, Chapter H-9, Revised Statutes of Alberta 1980, as amended.
- (j) Alberta Risk Management Fund - Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended.
- (k) Utility Companies Income Tax Rebates Fund - Utility Companies Income Tax Rebates Act, Chapter U-10, Revised Statutes of Alberta 1980.
- (l) Natural Gas Rebates Fund - Natural Gas Rebates Act, Chapter N-5, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) Investments are valued by each Fund at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.
- (b) All interest earned on the deposits of and on the loans made by the Students Loan Fund and the Homestead Lease Loan Fund is transferred to the General Revenue Fund.
The cost of bad debts relating to loans and interest receivable of these Funds is borne by the General Revenue Fund. Bad debt write-offs are reflected in the summary statement of assets, liabilities and fund equities by reducing the amount payable to the General Revenue Fund.
- (c) A summary statement of changes in financial position is not provided as disclosure in these summary financial statements is considered to be adequate.

Note 3 Investments

Investments held by the Funds are as follows:

	1987			1986	
	Par Value	Cost	Market Value	Cost	Market Value
Debentures guaranteed by the Province of Alberta and held by: Livestock Patrons' Assurance Fund					
	\$44,000	\$43,953	\$41,677	\$43,944	\$38,640

Note 4 Interest

Interest earned on deposits of the Crop Reinsurance Fund of Alberta, the Homestead Lease Loan Fund, the Registrar's Assurance Fund, the Stray Animals Act Fund and the Students Loan Fund is credited directly to the General Revenue Fund and is not reflected in these summary financial statements.

Note 5 Administration Costs

The Funds are not charged with all the administration expenses incurred in their operation as these expenses are reflected in the program costs of the Departments or Provincial Corporations that administer the Funds.

Note 6 Comparative Figures

The Students Loan Fund and the Homestead Lease Loan Fund which were reported in the summary financial statements of Loan Funds in 1986 are now reported in the summary financial statements of Other Regulated Funds. The 1986 figures have been restated where necessary to conform to the 1987 presentation.

Note 7 Approval of Summary Financial Statements

These summary financial statements were approved by management.

SECTION 5

1986-87 PUBLIC ACCOUNTS

PROVINCIAL CORPORATIONS - FINANCIAL STATEMENTS

Contents:	Page
Introduction	5.2
Agriculture:	
Alberta Agricultural Development Corporation	5.3
Alberta Agricultural Research Trust	5.10
Alberta Dairy Control Board	5.13
Alberta Hail and Crop Insurance Corporation	5.17
Irrigation Land Manager	5.26
Community and Occupational Health:	
Alberta Alcohol and Drug Abuse Commission	5.29
Culture:	
The Alberta Art Foundation	5.33
The Alberta Cultural Heritage Foundation	5.37
The Alberta Foundation for the Literary Arts	5.40
The Alberta Foundation for the Performing Arts	5.43
The Alberta Historical Resources Foundation	5.49
Glenbow-Alberta Institute	5.53
The Government House Foundation	5.60
Economic Development and Trade:	
Alberta Motion Picture Development Corporation	5.63
Alberta Opportunity Company	5.67
Energy:	
Alberta Oil Sands Technology and Research Authority	5.73
Alberta Petroleum Marketing Commission	5.77
Natural Gas Pricing Agreement Act Fund	5.83
Natural Gas Pricing Agreement Market Development Fund	5.86
Take-or-pay Costs Sharing Fund	5.89
Environment:	
Alberta Environmental Research Trust	5.92
Alberta Special Waste Management Corporation	5.95
Environment Council of Alberta	5.98
Executive Council:	
Energy Resources Conservation Board	5.101
The Wild Rose Foundation	5.107
Hospitals and Medical Care:	
Alberta Urban Hospitals Project Management Ltd.	5.111
Municipal Affairs:	
Alberta Mortgage and Housing Corporation	5.114
Recreation and Parks:	
Alberta Sport Council	5.129
The Recreation, Parks and Wildlife Foundation	5.134
Solicitor General:	
Alberta Racing Commission	5.138
Technology, Research and Telecommunications:	
The Alberta Educational Communications Corporation	5.143
Alberta Research Council	5.149
Transportation and Utilities:	
Alberta Electric Energy Marketing Agency	5.155
Alberta Resources Railway Corporation	5.158
Treasury:	
Alberta Municipal Financing Corporation	5.164

PROVINCIAL CORPORATIONS - FINANCIAL STATEMENTS

Introduction:

Section 1(1)(n) of the Financial Administration Act defines a Provincial corporation as

- “(i) a corporation that is incorporated by or under an Act of the Legislature, other than a local or private Act, all or a majority of whose members or directors are appointed or designated, either by their personal names or by their names of office, by an Act of the Legislature or regulations under an Act of the Legislature, by an order of the Lieutenant Governor in Council or of a Minister of the Crown or by any combination thereof, or
- (ii) a corporation all of whose issued voting shares of every class are owned by the Crown or held in trust for the Crown or are partly owned by the Crown and partly held in trust for the Crown, but does not include a new town or a housing authority incorporated under section 42 of the Alberta Mortgage and Housing Corporation Act, the Credit Union Stabilization Corporation established under section 90 of the Credit Union Act or a board of a hospital district appointed by an order made under section 8 of the Hospitals Act.”

The Provincial corporations included in this section are subsidized in some manner by the General Revenue Fund and are considered to complement a Government program. They are included in the consolidated financial statements after adjusting the accounts to conform with the basis of accounting used for the General Revenue Fund.

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report

Balance Sheet

Statement of Operations and Deficit

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedule of Operating Expenses

Schedule of Farm Loan Incentives

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Agricultural Development Corporation

I have examined the balance sheet of the Alberta Agricultural Development Corporation as at March 31, 1987 and the statements of operations and deficit, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
June 24, 1987

**ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)**

	1987	1986
ASSETS		
Cash	\$ 13,505	\$ 42,109
Accounts receivable	69	112
Guarantee implementations receivable (Note 4)	1,459	1,774
Loans and accrued interest receivable (Note 5)	937,126	950,256
Property held for sale (Note 6)	21,234	15,640
Other (Note 7)	245	721
Fixed assets (Note 8)	1,859	1,205
Trust (Note 9)	—	15
	<u>\$ 975,497</u>	<u>\$1,011,832</u>
LIABILITIES AND DEFICIT		
Liabilities:		
Accounts payable, Province of Alberta	\$ 21,044	\$ 24,840
Accounts payable, other	1,003	653
Guarantees payable	1,004	405
Allowance for losses on loan guarantees (Note 10)	7,674	2,700
Accrued incentives payable	7,921	20,169
Debentures payable (Note 12)	<u>1,003,760</u>	<u>1,041,240</u>
	<u>1,042,406</u>	<u>1,090,007</u>
Deficit	(66,909)	(78,190)
Trust (Note 9)	—	15
	<u>\$ 975,497</u>	<u>\$1,011,832</u>

The accompanying notes are part
of these financial statements.

PROVINCIAL CORPORATIONS

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

	1987	1986
Interest Assistance:		
Interest expense on debentures	\$128,366	\$132,056
Farm loan incentives (Schedule 2)	16,991	40,494
	<u>145,357</u>	<u>172,550</u>
Interest revenue	95,977	113,395
Net interest assistance	49,380	59,155
Expenses:		
Operating (Schedule 1)	9,920	8,663
Provision for doubtful accounts and for losses on realization of assets (Note 10)	43,643	85,642
Operating loss	<u>102,943</u>	<u>153,460</u>
Contribution by the Province of Alberta (Note 3)	114,224	101,683
Net income (loss) for the year	11,281	(51,777)
Deficit at beginning of year	78,190	26,413
Deficit at end of year	<u>\$ 66,909</u>	<u>\$ 78,190</u>

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

	1987	1986
Funds were provided from:		
Net income (loss) for the year	\$ 11,281	\$(51,777)
Provision for doubtful accounts and for losses on realization of assets	43,643	85,642
Depreciation	<u>276</u>	<u>105</u>
Funds from operations	55,200	33,970
Proceeds from sale of property	6,805	4,610
Proceeds on disposition of fixed assets	—	19
Proceeds from issue of debentures	—	109,000
Repayments of loans receivable	20,496	26,618
Increase in accounts payable, other	350	—
Increase in accrued incentives payable	—	464
Recoveries of guaranteee implementations receivable	368	1,986
Decrease in accounts receivable	47	—
Decrease in other assets	472	—
Increase in guarantees payable	<u>599</u>	<u>—</u>
	<u>84,337</u>	<u>176,667</u>
Funds were applied to:		
Disbursements of loans	68,139	114,677
Repayments of debentures	37,480	22,280
Decrease in guarantees payable	—	372
Implementation of guarantees	2,439	4,490
Decrease in accounts payable, other	—	64
Fixed asset purchases	1,075	719
Decrease in accounts payable, Province of Alberta	3,796	13,231
Increase in other assets	—	205
Increase in accounts receivable	—	35
Decrease in accrued incentives payable	<u>12</u>	<u>—</u>
	<u>112,941</u>	<u>156,073</u>
Increase (decrease) in cash	<u>\$(28,604)</u>	<u>\$ 20,594</u>

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Agricultural Development Corporation operates under the authority of the Agricultural Development Act, Chapter A-7, Revised Statutes of Alberta 1980.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

Fixed assets having a cost in excess of \$500 are capitalized and shown in the balance sheet. Depreciation is recorded on a straight-line basis over the following estimated useful lives of the assets:

Electronic data processing systems	5 years
Office equipment	10 years

Depreciation is not recorded for electronic data processing systems under development.

Note 3 Financial Structure

The Corporation's operations are funded through the sale of debentures to the Alberta Heritage Savings Trust Fund and a contribution from the General Revenue Fund of the Province of Alberta.

Office accommodation and field support staff are provided at no charge by the Province and accordingly are not reflected in these financial statements.

Note 4 Guarantee Implementations Receivable

Loan guarantee payments made to financial institutions for uncollectable loans made by them under the Corporation's guarantee are generally of a demand nature.

	<u>1987</u>	<u>1986</u>
	(thousands of dollars)	
Guarantee implementations receivable	\$ 8,394	\$ 8,689
Plus: Accrued interest	1,334	1,907
	<hr/>	<hr/>
	9,728	10,596
Less: Allowance for doubtful accounts (Note 10)	8,269	8,822
	<hr/>	<hr/>
	<u>\$ 1,459</u>	<u>\$ 1,774</u>

Note 5 Loans and Accrued Interest Receivable

Loans are secured by agreements for sale and mortgages and are repayable in instalments due as follows, assuming that options to renew will be exercised when applicable:

	<u>1987</u>	<u>1986</u>
	(thousands of dollars)	
Arrears of principal and interest	\$ 80,522	\$ 68,157
Prepaid	(5,678)	(5,587)
Principal due in		
1 year	31,720	27,753
2 years	24,223	20,506
3 years	26,693	22,088
4 years	29,094	24,019
5 years	30,388	26,155
6 - 10 years	176,559	161,447
Over 10 years	624,793	667,450
	<hr/>	<hr/>
Plus: Accrued interest	1,018,314	1,011,988
	<hr/>	<hr/>
Less: Allowance for doubtful accounts (Note 10)	43,271	53,807
	<hr/>	<hr/>
	<u>\$ 937,126</u>	<u>\$ 950,256</u>

OVINCIAL CORPORATIONS

Note 6 Property Held For Sale

Properties have been acquired as a result of foreclosures, quit claims and other actions and consist mainly of land.

	1987	1986
	(thousands of dollars)	
Cost of properties	\$60,109	\$36,089
Allowance for losses on realization (Note 10)	<u>38,875</u>	<u>20,449</u>
Estimated net realizable value	<u>\$21,234</u>	<u>\$15,640</u>

Note 7 Other Assets

	1987	1986
	(thousands of dollars)	
Unlisted preferred shares acquired as a result of security action	\$500	\$500
Less: Allowance for losses on realization (Note 10)	<u>500</u>	<u>250</u>
	<u>—</u>	<u>250</u>
Investment in Lambco (Note 11)	<u>245</u>	<u>471</u>
	<u>\$245</u>	<u>\$721</u>

Note 8 Fixed Assets

Fixed assets are comprised of the following:

	Cost	Accumulated Depreciation	Net Book Value	
			1987	1986
			(thousands of dollars)	
Office equipment	\$ 255	\$110	\$ 145	\$ 114
Electronic data processing systems	760	447	313	357
Electronic data processing systems under development	<u>1,401</u>	<u>—</u>	<u>1,401</u>	<u>734</u>
	<u>\$2,416</u>	<u>\$557</u>	<u>\$1,859</u>	<u>\$1,205</u>

Note 9 Trust Assets and Liabilities

The March 31, 1986 balances reflect outstanding loans less an estimated uncollectable amount of \$86,000. The Corporation has been taking collection action on these loans on behalf of the Province of Alberta.

Note 10 Allowance for Doubtful Accounts and for Losses on Realization of Assets

	Loans	Guarantees	Property for Sale	Other Assets	Loan Guarantees	Total
Allowance at beginning of year	\$115,539	\$8,822	\$20,449	\$250	\$2,700	\$147,760
Less: Amounts written off	<u>1,968</u>	<u>3,366</u>	<u>6,292</u>	<u>—</u>	<u>—</u>	<u>11,626</u>
	<u>113,571</u>	<u>5,456</u>	<u>14,157</u>	<u>250</u>	<u>2,700</u>	<u>136,134</u>
Increase in allowance	<u>10,888</u>	<u>2,813</u>	<u>24,718</u>	<u>250</u>	<u>4,974</u>	<u>43,643</u>
Allowance at end of year	<u>\$124,459</u>	<u>\$8,269</u>	<u>\$38,875</u>	<u>\$500</u>	<u>\$7,674</u>	<u>\$179,777</u>

Note 11 Investment in Lambco

Pursuant to an agreement between Lamb Processors Co-op Ltd., the Province of Alberta and the Corporation, the Corporation acquired the net assets and business of the Co-op. The Corporation has since provided operating advances to Lambco in accordance with the agreement. The agreement provides that the Province reimburse the Corporation for Lambco operating losses before depreciation expense. In addition, the Department of Agriculture has agreed to reimburse the Corporation for capital expenditures of Lambco to the extent that capital expenditures exceed any operating profit before depreciation expense for the year. The agreement further provides that the Province will indemnify the Corporation for any losses which might be incurred on disposal of Lambco. Any disposal proceeds in excess of the Corporation's operating advances to Lambco will be payable to the Province, and therefore the financial statements of Lambco are not consolidated in the financial statements of the Corporation.

As at March 31, 1987 the Corporation had operating advances receivable from Lambco of \$245,316 (1986 - \$470,583).

Summary financial information for Lambco is:

	1987	1986
Assets	<u>\$3,006,695</u>	<u>\$2,990,539</u>
Liabilities	<u>\$2,004,788</u>	<u>\$2,289,156</u>
Equity		
Beginning of year	\$ 701,383	\$ 549,104
Net income for the year	300,524	152,279
End of year	<u>\$1,001,907</u>	<u>\$ 701,383</u>

The above liabilities include the operating advances payable to the Corporation.

Note 12 Debentures Payable

Debentures payable to the Province of Alberta are as follows:

Series	Year of Maturity	Weighted Average Interest Rate	March 31	
			Principal Outstanding 1987	1986
			(thousands of dollars)	
A	2004	9.94%	\$ 130,260	\$ 135,060
B	2004 - 2005	13.01	33,600	34,800
C	2005	11.22	69,600	72,000
D	2006	14.42	132,900	136,600
E	2006 - 2007	16.96	181,360	185,360
F	2007 - 2009	13.02	256,100	261,600
G	2009 - 2010	13.46	93,120	106,820
H	2010 - 2011	10.52	<u>106,820</u>	<u>109,000</u>
			<u>\$1,003,760</u>	<u>\$1,041,240</u>

The interest rates on debentures are fixed for five year periods and repayments are by annual instalments of the principal sum over the life of the debentures.

Principal repayments due in each of the next five years are as follows:

Year ended March 31, 1988	\$27,840,000
1989	29,720,000
1990	32,650,000
1991	34,240,000
1992	36,250,000

Note 13 Contingent Liabilities and Commitments

The Corporation has the following contingent liabilities and commitments at March 31:

	1987	1986
	(thousands of dollars)	
Loan guarantees	\$63,803	\$72,202
Letter of credit	6,381	5,924
Total contingent liabilities	<u>\$70,184</u>	<u>\$78,126</u>
Estimated farm loan incentives over the next five years	\$31,915	\$34,524
Approved, undisbursed loans	12,496	20,262
Total commitments	<u>\$44,411</u>	<u>\$54,786</u>

The Province indemnifies the Corporation for any losses which might be incurred on loan guarantees.

PROVINCIAL CORPORATIONS

Note 14 Role and Mandate Review

During the year, the Associate Minister of Agriculture appointed a committee to review the role and mandate of the Corporation. The work of the committee started in the fall of 1986 and is scheduled to be completed in the year ended March 31, 1988. The expenses of the committee to March 31, 1987 are included in these financial statements.

Note 15 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 16 Approval of Financial Statements

These financial statements, which have been prepared by the Corporation, have been reviewed by both the management of the Corporation and the Finance, Budget and Audit Committee of the Board and their acceptance by the Board of Directors is recommended.

Schedule 1

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION SCHEDULE OF OPERATING EXPENSES FOR THE YEAR ENDED MARCH 31, 1987

(thousands of dollars)

	1987	1986
Salaries and wages	\$6,130	\$5,953
Employee benefits	791	747
Role and mandate review (Note 14)	653	—
Travel	569	496
Data processing	308	213
Depreciation	276	105
Directors' fees	237	206
Equipment rental and repair	182	173
Telecommunications	139	116
Professional fees	125	98
Stationery and office supplies	124	92
Postage, freight and express	97	44
Counsellor fees	67	189
Printing and binding	62	58
Legal	50	62
Equipment purchases	45	45
Meetings and conferences	42	34
Advertising	23	22
Microfilming	—	10
	<u><u>\$9,920</u></u>	<u><u>\$8,663</u></u>

Schedule 2

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION SCHEDULE OF FARM LOAN INCENTIVES FOR THE YEAR ENDED MARCH 31, 1987

(thousands of dollars)

	1987	1986
Beginning farmer program	\$16,094	\$38,027
Range and soil improvement program	662	594
Vegetable storage program	147	191
Sheep incentive program	63	59
Native range incentive program	23	127
Dairy development incentive program	2	33
Extended incentive program	—	1,447
Farm booster program	—	11
Grants to estates of deceased borrowers	—	5
	<u><u>\$16,991</u></u>	<u><u>\$40,494</u></u>

ALBERTA AGRICULTURAL RESEARCH TRUST
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Board of the
Alberta Agricultural Research Institute

I have examined the balance sheet of the Alberta Agricultural Research Trust as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
September 12, 1987

OVINCIAL CORPORATIONS

ALBERTA AGRICULTURAL RESEARCH TRUST
BALANCE SHEET
AS AT MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Cash	\$217,897	\$355,023
Research grants recoverable	—	5,000
	<u>\$217,897</u>	<u>\$360,023</u>
LIABILITIES AND UNEXPENDED FUNDS		
Current:		
Research grants payable	\$193,830	\$145,412
Administration charges payable	9,644	8,293
Unexpended funds	<u>14,423</u>	<u>206,318</u>
	<u>\$217,897</u>	<u>\$360,023</u>

The accompanying notes are part
of these financial statements.

ALBERTA AGRICULTURAL RESEARCH TRUST
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
REVENUE		
Contributions from the Province of Alberta,		
Department of Agriculture	\$250,000	\$250,000
Contributions from industry (Note 3)	182,269	180,906
Interest	<u>37,918</u>	<u>38,453</u>
	<u>470,187</u>	<u>469,359</u>
EXPENDITURE		
Research grants	630,834	447,192
Administration charge	<u>31,248</u>	<u>38,022</u>
	<u>662,082</u>	<u>485,214</u>
Excess of expenditure over revenue	191,895	15,855
Unexpended funds at beginning of year	206,318	222,173
Unexpended funds at end of year	<u>\$ 14,423</u>	<u>\$206,318</u>

**ALBERTA AGRICULTURAL RESEARCH TRUST
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Agricultural Research Trust operated under the authority of the Alberta Agricultural Research Trust Act, Chapter A-14, Revised Statutes of Alberta 1980, as amended. The Alberta Agricultural Research Institute Act, which came into force on July 15, 1987, repealed the Alberta Agricultural Research Trust Act. Liabilities and property of the Trust existing at that date became liabilities and property of the Alberta Agricultural Research Institute.

Note 2 Significant Accounting Policies
Research Grants

Research grants are recorded in these financial statements when approved for payment to researchers accounts. Unexpended balances of grant funds held in researchers accounts are not reflected in these financial statements.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Contributions from Industry

Contributions from industry represent only cash donations to the Trust for specific research projects and have been paid out of the Trust as research grants expenditure of the year.

Note 4 Approval of Financial Statements
These financial statements were approved by management.

ALBERTA DAIRY CONTROL BOARD
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Retained Earnings
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Dairy Control Board

I have examined the balance sheet of the Alberta Dairy Control Board as at March 31, 1987 and the statement of revenue, expenditure and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
September 8, 1987

**ALBERTA DAIRY CONTROL BOARD
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Operating:		
Current:		
Cash	\$ 635,375	\$ 598,172
Term deposits	—	37,943
Due from processors and producers (Note 3)	<u>339,839</u>	<u>483,935</u>
	<u>975,214</u>	<u>1,120,050</u>
Trust: (Note 4)		
Cash	595,390	517,283
Due from processors	<u>1,296,688</u>	<u>1,405,871</u>
	<u>1,892,078</u>	<u>1,923,154</u>
	<u>\$2,867,292</u>	<u>\$3,043,204</u>
LIABILITIES AND RETAINED EARNINGS		
Operating:		
Current:		
Due to processors and producers (Note 5)	\$ 294,872	\$ 544,894
Due to Province of Alberta	<u>35,225</u>	<u>42,314</u>
	<u>330,097</u>	<u>587,208</u>
Retained earnings	645,117	532,842
	<u>975,214</u>	<u>1,120,050</u>
Trust liabilities (Note 4)	1,892,078	1,923,154
	<u>\$2,867,292</u>	<u>\$3,043,204</u>

The accompanying notes are part
of these financial statements.

ALBERTA DAIRY CONTROL BOARD
STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
REVENUE		
Levies	\$259,868	\$259,100
Management fees	235,369	218,900
Quota exchange and transfers	5,664	10,030
Interest on term deposits	2,226	3,128
	<u>503,127</u>	<u>491,158</u>
EXPENDITURE		
Salaries and employee benefits	301,134	338,667
Travel	34,585	46,960
Grants and subsidies	31,885	31,512
General office administration	16,764	20,514
Board fees	6,484	10,782
	<u>390,852</u>	<u>448,435</u>
Excess of revenue over expenditure for the year	<u>112,275</u>	<u>42,723</u>
Retained earnings at beginning of year:		
As previously reported	509,899	470,304
Prior period adjustment (Note 6)	22,943	19,815
As restated	<u>532,842</u>	<u>490,119</u>
Retained earnings at end of year	<u>\$645,117</u>	<u>\$532,842</u>

**ALBERTA DAIRY CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Dairy Control Board operates under the authority of the Dairy Board Act, Chapter D-1, Revised Statutes of Alberta 1980, as amended.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Due from Processors and Producers

Amounts due from processors and producers consist of the following:

	<u>1987</u>	<u>1986</u>
Operating:		
Price equalization	\$287,378	\$426,262
Levies	29,846	25,514
Management fees	20,220	19,796
Quota exchange and transfers	2,395	12,363
	<u>\$339,839</u>	<u>\$483,935</u>

Note 4 Trust

Under the Comprehensive Milk Marketing Plan, the Board collects levies from processors on behalf of the producers and forwards the levies to the Canadian Dairy Commission. A portion of the levies collected can be refunded to producers under certain conditions. During the year, approximately \$22,041,700 (1986 \$22,371,500) of levies were collected under the above Plan.

Note 5 Due to Processors and Producers

Amounts due to processors and producers consist of the following:

	<u>1987</u>	<u>1986</u>
Operating:		
Price equalization	\$294,872	\$443,714
Quota exchange	—	101,180
	<u>\$294,872</u>	<u>\$544,894</u>

Note 6 Prior Period Adjustment

Interest earnings on term deposits over a number of years have been excluded from revenue and shown as due to the Province of Alberta on the balance sheet. It has now been determined that these interest earnings accrue to the Board. Accordingly, these financial statements have been retroactively adjusted by reducing amounts due to the Province and increasing retained earnings.

Note 7 Interest on Cash Deposits and Licence Fee Income

Interest from cash deposits in the Consolidated Cash Investment Trust Fund and licence fee income have been credited directly to the General Revenue Fund of the Province of Alberta.

Note 8 Administration Costs

Accommodation, office furniture, certain office equipment and certain administrative services are provided to the Alberta Dairy Control Board at no cost by the General Revenue Fund of the Province of Alberta. In addition, 25% of the costs of enforcement and administration are provided by the General Revenue Fund.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA HAIL AND CROP INSURANCE CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Reserve - Crop Insurance
Statement of Revenue, Expenditure and Reserve - Hail Insurance
Notes to the Financial Statements
Schedule of Administration Expenses - Crop Insurance
Schedule of Administration Expenses - Hail Insurance
Schedule of Trust Assets and Liabilities
Schedule of Trust Revenue, Expenditure and Unexpended Funds

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Hail and Crop Insurance Corporation

I have examined the balance sheet of the Alberta Hail and Crop Insurance Corporation as at March 31, 1987 and the statements of revenue, expenditure and reserve - crop insurance and revenue, expenditure and reserve - hail insurance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 10, 1987

**ALBERTA HAIL AND CROP INSURANCE CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
General		
Current:		
Cash	\$ 1,664,960	\$ 849,342
Short-term investments (Note 4)	20,161,054	28,866,060
Accounts receivable	3,429,087	1,658,217
Accrued interest receivable	651,886	723,632
Due from Reinsurance Fund of Canada for Alberta	—	117,488,801
Due from Reinsurance Fund of Alberta	18,285,729	37,417,191
Due from trust funds	<u>1,357,724</u>	<u>181,002</u>
	45,550,440	187,184,245
Long-term investments (Note 4)	6,315,283	6,517,123
Fixed assets	<u>703,888</u>	<u>519,874</u>
	<u>52,569,611</u>	<u>194,221,242</u>
Trust, Schedule 3	<u>11,797,184</u>	<u>10,450,412</u>
	<u>\$64,366,795</u>	<u>\$204,671,654</u>
LIABILITIES		
General		
Current:		
Accounts payable	\$ 154,557	\$ 144,882
Salaries and commissions payable	412,435	441,918
Estimated indemnities payable	4,885,000	9,834,200
Premium refunds payable	3,610,196	3,609,336
Due to the Province of Alberta	<u>21,157,330</u>	<u>162,153,334</u>
	30,219,518	176,183,670
Capital surplus	703,888	519,874
Hail insurance reserve	<u>21,646,205</u>	<u>17,517,698</u>
	<u>52,569,611</u>	<u>194,221,242</u>
Trust, Schedule 3	<u>11,797,184</u>	<u>10,450,412</u>
	<u>\$64,366,795</u>	<u>\$204,671,654</u>

The accompanying notes are part
of these financial statements.

PROVINCIAL CORPORATIONS

**ALBERTA HAIL AND CROP INSURANCE CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND RESERVE - CROP INSURANCE
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
REVENUE		
Premiums charged to insured persons	\$ 69,538,550	\$ 56,441,190
Province of Alberta premium contributions (Note 6)	<u>5,428,007</u>	<u>4,390,103</u>
	74,966,557	60,831,293
Government of Canada contributions (Note 3(i))	<u>72,298,657</u>	<u>59,802,601</u>
	147,265,214	120,633,894
Less amounts ceded (Note 3(ii)):		
Crop Reinsurance Fund of Canada for Alberta	21,689,597	17,940,780
Crop Reinsurance Fund of Alberta	<u>21,689,597</u>	<u>17,940,780</u>
	43,379,194	35,881,560
	<u>103,886,020</u>	<u>84,752,334</u>
Investment income	<u>2,587,039</u>	<u>3,112,952</u>
	106,473,059	87,865,286
EXPENDITURE		
Indemnities	126,831,194	266,764,778
Administration expenses, Schedule 1	<u>7,077,353</u>	<u>7,028,147</u>
	133,908,547	273,792,925
Deficit for the year before recoveries	<u>27,435,488</u>	<u>185,927,639</u>
Less amounts recovered:		
Recoveries from reinsurance funds (Note 3(iii))	20,358,135	178,899,492
Administration expenses recovered from the Province of Alberta (Note 7)	<u>7,077,353</u>	<u>7,028,147</u>
	27,435,488	185,927,639
Unrecovered deficit for the year	—	—
Reserve at beginning of year	—	—
Reserve at end of year	<u>\$ —</u>	<u>\$ —</u>

ALBERTA HAIL AND CROP INSURANCE CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND RESERVE - HAIL INSURANCE
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
REVENUE		
Premiums charged	<u>\$17,196,196</u>	<u>\$16,516,253</u>
Deduct:		
Reinsurance costs	401,517	385,392
Cash discounts allowed	380,328	357,999
Premium refunds	<u>3,608,921</u>	<u>3,610,200</u>
	4,390,766	4,353,591
Premiums, net	<u>12,805,430</u>	<u>12,162,662</u>
Investment income	<u>2,032,897</u>	<u>1,887,268</u>
	<u>14,838,327</u>	<u>14,049,930</u>
EXPENDITURE		
Indemnities	8,606,569	7,355,696
Administration expenses, Schedule 2	<u>2,103,251</u>	<u>2,006,045</u>
	10,709,820	9,361,741
Surplus for the year	4,128,507	4,688,189
Reserve at beginning of year	17,517,698	12,829,509
Reserve at end of year	<u>\$21,646,205</u>	<u>\$17,517,698</u>

**ALBERTA HAIL AND CROP INSURANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Hail and Crop Insurance Corporation operates under the authority of the Hail and Crop Insurance Act, Chapter H-1, Revised Statutes of Alberta 1980, as amended.

Section 35(5) of the Act permits the Province of Alberta to make advances to the Corporation equal to an amount which will be paid by the Government of Canada to the Province in accordance with the crop insurance program agreement (see Note 3) and to a total amount not exceeding \$30,000,000.

During the prior year advances from the Province amounting to approximately \$117 million were made to the Corporation to finance the excess of crop indemnities over crop insurance reserves (see Note 3(iii)) pending reimbursement from the Reinsurance Fund of Canada for Alberta, which was made during the year ended March 31, 1987.

It would appear that the amount by which the advances referred to in the preceding paragraph caused the \$30,000,000 limit to be exceeded represents advances which may be in contravention of the legislative authority.

Also, during the prior year, advances from the Province amounting to approximately \$45 million were made to the Corporation to finance indemnities not recoverable from the Crop Reinsurance Fund of Canada for Alberta. These additional advances may have been made without legislative authority. The advances were partially repaid during the year ended March 31, 1987.

Note 2 Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except that no depreciation has been provided on fixed assets as purchases are charged to operations in the year of acquisition. Fixed assets are shown on the balance sheet at cost with a corresponding credit shown as capital surplus.

(ii) Other significant accounting policies are as follows:

(a) **Crop Insurance Fund**

Contributions by the Government of Canada matching crop insurance premiums collected are included as income of the year the premiums are received. Amounts ceded to or recovered from the Crop Reinsurance Fund of Canada for Alberta and the Crop Reinsurance Fund of Alberta are included as a deduction from revenue or expenditure of the year the requirement to cede or the entitlement to recover arose.

(b) **Trust Funds**

The Corporation is responsible for the administration of various agriculture-related programs of the Province of Alberta or of the Province of Alberta and the Government of Canada in addition to the Hail Insurance program and the Crop Insurance program. These are regarded as incidental to the main business of the Corporation, are grouped under the heading 'Trust Funds', and are summarized on Schedules 3 and 4.

(c) **Changes in Financial Position**

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Crop Insurance Program Agreement

An agreement between the Province of Alberta and the Government of Canada entered into pursuant to section 43 of the Hail and Crop Insurance Act provides:

- (i) for contributions to be made by the Government of Canada matching the crop insurance premiums collected from insured persons,
- (ii) that payments will be made to the Crop Reinsurance Fund of Alberta and the Crop Reinsurance Fund of Canada for Alberta based on crop insurance premiums collected plus the matching amount received or receivable from the Government of Canada,
- (iii) that crop indemnities in excess of crop insurance reserves will be drawn from the Crop Reinsurance Fund of Alberta and the Crop Reinsurance Fund of Canada for Alberta, in accordance with a formula set out in the agreement for dividing any such excess between the Province of Alberta and the Government of Canada.

Note 4 Investments

Investments are recorded at amortized cost and are summarized as follows:

	1987		1986	
	Short-term	Long-term	Short-term	Long-term
Bonds and debentures:				
Government of Canada direct and guaranteed	\$ —	\$1,342,356	\$ —	\$1,317,000
Provincial direct and guaranteed	173,889	3,446,347	209,980	3,638,589
Corporate	—	1,126,580	—	1,178,534
Guaranteed investment certificates and term deposits	<u>19,987,165</u>	<u>400,000</u>	<u>28,656,080</u>	<u>383,000</u>
	<u><u>\$20,161,054</u></u>	<u><u>\$6,315,283</u></u>	<u><u>\$28,866,060</u></u>	<u><u>\$6,517,123</u></u>
Approximate market value at March 31	<u><u>\$20,185,000</u></u>	<u><u>\$6,629,920</u></u>	<u><u>\$28,901,104</u></u>	<u><u>\$6,649,409</u></u>

Note 5 Reinsurance Funds

The balances in these funds, as at March 31, are as follows:

	Reinsurance Fund of Alberta		Reinsurance Fund of Canada for Alberta	
	1987	1986	1987	1986
Opening surplus (deficit)	<u>\$(19,617,191)</u>	<u>\$ 23,852,720</u>	<u>\$(45,830,050)</u>	<u>\$ 53,717,971</u>
Current year contributions	<u>21,689,597</u>	<u>17,940,780</u>	<u>21,689,597</u>	<u>17,940,780</u>
	<u>2,072,406</u>	<u>41,793,500</u>	<u>(24,140,453)</u>	<u>71,658,751</u>
Recoveries by the Corporation	<u>20,358,135</u>	<u>61,410,691</u>	<u>—</u>	<u>117,488,801</u>
Closing surplus (deficit)	<u><u>\$(18,285,729)</u></u>	<u><u>\$(19,617,191)</u></u>	<u><u>\$(24,140,453)</u></u>	<u><u>\$(45,830,050)</u></u>

Note 6 Province of Alberta Premium Contributions

In accordance with Crop Insurance Regulations proclaimed pursuant to the Hail and Crop Insurance Act, the Province of Alberta pays the insured person's portion of premium costs in excess of a stipulated percentage of the dollar coverage on grain and oilseed crops.

Note 7 Administration Expenses

Pursuant to section 35(3) of the Hail and Crop Insurance Act, all administration expenses relating to the crop insurance program have been paid by the Province of Alberta. Certain of these costs were common to the crop insurance and hail insurance programs and have been allocated to each on the basis of the number of insurance contracts processed in the year. Certain office accommodations have been provided by the Province of Alberta at no charge.

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

These financial statements have been approved by management.

VINCIAL CORPORATIONS

Schedule 1

ALBERTA HAIL AND CROP INSURANCE CORPORATION
SCHEDULE OF ADMINISTRATION EXPENSES - CROP INSURANCE
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Salaries and employee benefits	\$2,549,761	\$2,373,495
Adjusters' wages and expenses	2,328,909	3,016,228
Crop insurance review	437,722	17,500
Fieldmen's wages and expenses	267,825	275,855
Data processing	235,648	233,908
Advertising	206,615	182,105
Collection commissions and expenses	172,405	150,658
Furniture and equipment	150,218	49,076
Printing, stationery and office supplies	141,374	155,973
Postage and freight	130,008	107,814
Directors' fees and expenses	112,834	111,521
Office rental costs	90,474	93,570
Telephone	63,621	64,459
Research	57,649	71,121
Travel and automobile expenses	51,155	44,585
Grain grading costs	45,911	64,820
Miscellaneous	35,224	15,459
	\$7,077,353	\$7,028,147

Schedule 2

ALBERTA HAIL AND CROP INSURANCE CORPORATION
SCHEDULE OF ADMINISTRATION EXPENSES - HAIL INSURANCE
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Agents' commissions	\$1,334,888	\$1,130,301
Salaries and employee benefits	328,442	347,061
Adjusters' wages and expenses	116,793	234,641
Advertising	80,258	68,999
Data processing	48,856	71,989
Collection commissions and expenses	44,590	39,517
Printing, stationery and office supplies	34,314	22,400
Furniture and equipment	33,796	10,849
Directors' fees and expenses	29,994	33,329
Postage and freight	29,707	27,602
Travel and automobile expenses	11,423	11,028
Telephone	3,801	3,080
Miscellaneous	6,389	5,249
	\$2,103,251	\$2,006,045

**ALBERTA HAIL AND CROP INSURANCE CORPORATION
SCHEDULE OF TRUST ASSETS AND LIABILITIES
AS AT MARCH 31, 1987**

	Wildlife Damage Fund	Alberta Crop Insurance Coverage Restoration Program	Total	
			1987	1986
ASSETS				
Cash	\$350,357	\$11,135,580	\$11,485,937	\$ 5,933,541
Claim overpayments recoverable	—	62,130	62,130	—
Accrued interest receivable	3,528	29,928	33,456	16,091
Due from Province of Alberta, net	215,661	—	215,661	1,665,780
Due from Low Appraisal Program	—	—	—	2,835,000
	<u><u>\$569,546</u></u>	<u><u>\$11,227,638</u></u>	<u><u>\$11,797,184</u></u>	<u><u>\$10,450,412</u></u>
LIABILITIES				
Accounts payable	\$ 725	\$ —	\$ 725	\$ 550
Estimated claims payable	568,821	1,925,000	2,493,821	3,630,000
Due to general	—	1,357,724	1,357,724	181,002
Unexpended funds	—	7,944,914	7,944,914	3,803,860
Due to Coverage Restoration Program	—	—	—	2,835,000
	<u><u>\$569,546</u></u>	<u><u>\$11,227,638</u></u>	<u><u>\$11,797,184</u></u>	<u><u>\$10,450,412</u></u>

ALBERTA HAIL AND CROP INSURANCE CORPORATION
SCHEDULE OF TRUST REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
AS AT MARCH 31, 1987

	Wildlife Damage Fund	Alberta Crop Insurance Coverage Restoration Program	Low Appraisal Program	Total 1987	Total 1986
REVENUE					
Contributions from the Province of Alberta	\$3,918,208	\$21,059,114	\$ 3,505,110	\$28,482,432	\$46,300,042
Interest income	24,233	847,195	3,630	875,058	794,220
Other	—	—	—	—	910
	<u>3,942,441</u>	<u>21,906,309</u>	<u>3,508,740</u>	<u>29,357,490</u>	<u>47,095,172</u>
EXPENDITURE					
Claims, net of recoveries	3,588,619	21,232,693	(34,148)	24,787,164	43,055,243
Administration expenses	<u>353,822</u>	<u>50,270</u>	<u>25,180</u>	<u>429,272</u>	<u>273,677</u>
	<u>3,942,441</u>	<u>21,282,963</u>	<u>(8,968)</u>	<u>25,216,436</u>	<u>43,328,920</u>
Excess of revenue over expenditure	—	623,346	3,517,708	4,141,054	3,766,252
Unexpended funds (deficiency) at beginning of year	—	7,321,568	(3,517,708)	3,803,860	37,608
Unexpended funds at end of year	<u>\$ —</u>	<u>\$ 7,944,914</u>	<u>\$ —</u>	<u>\$ 7,944,914</u>	<u>\$ 3,803,860</u>

IRRIGATION LAND MANAGER
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Notes to the Financial Statements

AUDITOR'S REPORT

To the Irrigation Land Manager

I have examined the balance sheet of the Irrigation Land Manager as at March 31, 1987 and the statement of revenue and expenditure for the fifteen months then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Irrigation Land Manager as at March 31, 1987 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 24, 1987

PROVINCIAL CORPORATIONS

IRRIGATION LAND MANAGER
BALANCE SHEET
AS AT MARCH 31, 1987

	March 31, 1987	December 31, 1985
ASSETS		
Cash	\$ 6,760	\$ 31,361
Interest accrued on agreements receivable	1,820	8,334
Lease rentals receivable	5,590	18,755
Agreements receivable	60,991	109,131
Land held for sale, at cost	<u>184,497</u>	<u>190,577</u>
	<u>\$259,658</u>	<u>\$358,158</u>
LIABILITY		
Due to the Province of Alberta (Note 4)	<u>\$259,658</u>	<u>\$358,158</u>

The accompanying notes are part
of these financial statements.

IRRIGATION LAND MANAGER
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 1987

	Fifteen months ended March 31, 1987	Year ended December 31, 1985
Revenue:		
Profit on land sales	\$ 81,920	\$ —
Cultivation and grazing leases	36,966	39,630
Surface leases	14,166	8,676
Interest on agreements receivable	<u>6,050</u>	<u>6,745</u>
	<u>139,102</u>	<u>55,051</u>
Expenditure:		
Water rates	18,507	18,853
Provision for doubtful lease rental receivables	10,369	11,000
Taxes	<u>6,726</u>	<u>7,915</u>
	<u>35,602</u>	<u>37,768</u>
Excess of revenue over expenditure	103,500	17,283
Due to the Province of Alberta (Note 4)	<u>103,500</u>	<u>17,283</u>
	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

IRRIGATION LAND MANAGER
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Irrigation Land Manager operates under the authority of the Irrigation Land Manager Act, Chapter I-12, Revised Statutes of Alberta 1980.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Change of Fiscal Period

Upon the direction of the Associate Minister of Agriculture, the fiscal year end of the Irrigation Land Manager has been changed from December 31 to March 31 to coincide with that of the General Revenue Fund. This change resulted in a fifteen month period to March 31, 1987.

Note 4 Due to the Province of Alberta

	<u>March 31, 1987</u>	<u>December 31, 1985</u>
Balance at beginning of period	\$358,158	\$385,875
Excess of revenue over expenditure	103,500	17,283
Remittances during the period	(202,000)	(45,000)
Balance at end of period	<u>\$259,658</u>	<u>\$358,158</u>

Note 5 Administration Costs

Costs incurred in the administration of the Irrigation Land Manager's operations have been borne by the Province of Alberta and are not reflected in these financial statements.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Revenue Surplus
Statement of Equity in Fixed Assets
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Alberta
Alcohol and Drug Abuse Commission

I have examined the balance sheet of the Alberta Alcohol and Drug Abuse Commission as at March 31, 1987 and the statements of revenue, expenditure and revenue surplus and equity in fixed assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, after giving retroactive effect to the changes in the methods of accounting for revenue transferred to the Province of Alberta and contributions used to finance inventory as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 31, 1987

**ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Cash	\$ 5,755	\$ 6,815
Accountable advances to staff	24,216	35,729
Federal sales tax receivable	6,689	5,440
Inventory (Note 5)	<u>861,357</u>	<u>757,694</u>
	898,017	805,678
Fixed:		
Furniture and equipment, net (Note 6)	<u>575,218</u>	<u>589,784</u>
	1,473,235	1,395,462
Trust cash	<u>44,947</u>	<u>27,979</u>
	<u>\$1,518,182</u>	<u>\$1,423,441</u>
LIABILITIES AND EQUITY		
Current:		
Unearned revenue	\$ —	\$ 1,760
Due to the Province of Alberta, net	<u>36,660</u>	<u>46,224</u>
	36,660	47,984
Inventory reserve	861,357	757,694
Equity in fixed assets	<u>575,218</u>	<u>589,784</u>
	1,473,235	1,395,462
Trust:		
Patients' Benevolent Fund	8,023	8,074
Memorial Trust Fund	<u>36,924</u>	<u>19,905</u>
	36,924	27,979
	<u>44,947</u>	<u>27,979</u>
	<u>\$1,518,182</u>	<u>\$1,423,441</u>

The accompanying notes are part
of these financial statements.

PROVINCIAL CORPORATIONS

**ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
STATEMENT OF REVENUE, EXPENDITURE AND REVENUE SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Revenue:		
Contributions by the Province of Alberta,		
Department of Community and Occupational		
Health	\$27,491,343	\$26,221,878
Other revenue:		
Patients' charges	33,220	27,520
Seminars	20,735	8,655
Federal sales tax recovery	5,615	5,431
Miscellaneous	12,207	4,075
	<u>27,563,120</u>	<u>26,267,559</u>
Other revenue transferred to the Province of Alberta	71,777	45,681
Net revenue	<u>27,491,343</u>	<u>26,221,878</u>
Expenditure:		
Manpower:		
Salaries	10,782,645	10,575,564
Employer's contributions	1,345,096	1,193,280
Wages	1,326,474	890,773
Allowances and supplementary benefits	61,422	89,269
	<u>13,515,637</u>	<u>12,748,886</u>
Services and supplies:		
Professional, technical and labour services	5,088,309	4,752,424
Materials and supplies	574,661	580,456
Travel and relocation	569,865	651,132
Rental of equipment	170,270	201,523
Repairs and maintenance of equipment	86,658	81,399
Freight and postage	84,867	81,178
Other services	78,447	75,163
Telephone and communications	45,650	43,579
Advertising	41,989	63,548
Hosting	20,865	28,081
Insurance	1,453	2,645
	<u>6,763,034</u>	<u>6,561,128</u>
	<u>20,278,671</u>	<u>19,310,014</u>
Other:		
Direct financial assistance to outside agencies	7,003,070	6,671,497
Purchase of fixed assets net of trade-ins of \$1,000 (1986 \$2,331)	<u>105,939</u>	<u>168,027</u>
Total expenditure	<u>27,387,680</u>	<u>26,149,538</u>
Excess of revenue over expenditure	<u>103,663</u>	<u>72,340</u>
Appropriation to inventory reserve	<u>103,663</u>	<u>72,340</u>
Revenue surplus	<u>\$ —</u>	<u>\$ —</u>

**ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Balance at beginning of year	<u>\$589,784</u>	<u>\$552,640</u>
Add:		
Furniture and equipment - provided from operations	106,939	170,358
- net book value of assets previously leased and purchased by option	<u>64,725</u>	<u>20,266</u>
	<u>761,448</u>	<u>743,264</u>
Deduct:		
Depreciation for the year	177,280	146,529
Disposals of furniture and equipment, at net book value	<u>8,950</u>	<u>6,951</u>
	<u>186,230</u>	<u>153,480</u>
Balance at end of year	<u>\$575,218</u>	<u>\$589,784</u>

**ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Alcohol and Drug Abuse Commission operates under the authority of the Alcohol and Drug Abuse Act, Chapter A-38, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) These financial statements have been prepared in accordance with generally accepted accounting principles except that fixed assets are charged to expense at date of acquisition. Fixed assets are also shown on the balance sheet at original cost less accumulated depreciation with a corresponding credit to equity in fixed assets. Depreciation, calculated on a straight-line basis, is charged to equity in fixed assets.
- (b) Inventories of materials and supplies are valued at cost. Books, tapes and films are valued at 50% of cost.
- (c) Contributions from the Province of Alberta used to finance inventory are reported as being appropriated to the inventory reserve.
- (d) A statement of changes in financial position has not been provided as disclosure in these financial statements is considered to be adequate.

Note 3 Changes in Accounting Policy

Revenue transferred to the Province of Alberta, previously included in the excess of revenue over expenditure, is now reported as a reduction of revenue.

Contributions from the Province of Alberta used to finance inventory were previously reported as amounts due to the Province of Alberta but are now reported as being appropriated to the inventory reserve.

The effects of the above changes are as follows:

	<u>1987</u>	<u>1986</u>
Reduction in reported revenue	<u>\$ 71,777</u>	<u>\$ 45,681</u>
Reduction in the excess of revenue over expenditure	<u>\$175,440</u>	<u>\$118,021</u>
Reduction in current liabilities	<u>\$861,357</u>	<u>\$757,694</u>
Increase in inventory reserve	<u>\$861,357</u>	<u>\$757,694</u>

Note 4 Administration Costs

Accommodation and certain other overhead costs incurred in the administration of the Commission have been paid by the Province of Alberta and are not reflected in these financial statements.

Note 5 Inventory

Inventory consists of:

	<u>1987</u>	<u>1986</u>
Materials and supplies	<u>\$442,254</u>	<u>\$381,083</u>
Books, tapes and films	<u>419,103</u>	<u>376,611</u>
	<u>\$861,357</u>	<u>\$757,694</u>

Note 6 Fixed Assets

Fixed assets consist of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>1987 Net</u>	<u>1986 Net</u>
Furniture and equipment	<u>\$1,094,988</u>	<u>\$626,850</u>	<u>\$468,138</u>	<u>\$475,621</u>
EDP equipment	<u>273,501</u>	<u>166,421</u>	<u>107,080</u>	<u>114,163</u>
	<u>\$1,368,489</u>	<u>\$793,271</u>	<u>\$575,218</u>	<u>\$589,784</u>

Note 7 Contributions by Province of Alberta

The Province of Alberta recovers part of its contributions to the Commission from the Government of Canada under the Vocational Rehabilitation of Disabled Persons and other agreements. Amounts are included in the revenue of the General Revenue Fund reported by the Department of Community and Occupational Health. Claims relating to the Commission's activities for the years ending March 31, 1987 and March 31, 1986 amount to \$9,585,138 and \$5,034,277 respectively. Claims for the year ending March 31, 1987 include \$3,017,902 relating to additional claims for prior year expenditures as a result of settlement of certain issues with the Government of Canada.

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

These financial statements have been approved by management.

THE ALBERTA ART FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The Alberta Art Foundation

I have examined the balance sheet of The Alberta Art Foundation as at March 31, 1987 and the statement of revenue, expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
August 12, 1987

**THE ALBERTA ART FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Current:		
Cash (Note 4)	\$3,552,019	\$2,799,876
Interest receivable	70,603	66,456
Accounts receivable	250	300
Prepaid expenses	—	208
	<u>3,622,872</u>	<u>2,866,840</u>
Fixed:		
Equipment		
Purchased	22,997	17,648
Donated	4,856	4,856
	<u>27,853</u>	<u>22,504</u>
Less: Accumulated depreciation	<u>13,079</u>	<u>10,383</u>
	<u>14,774</u>	<u>12,121</u>
Art Works		
Purchased	1,183,058	996,748
Donated	309,914	275,009
	<u>1,492,972</u>	<u>1,271,757</u>
	<u>\$5,130,618</u>	<u>\$4,150,718</u>
LIABILITIES AND EQUITY		
Accounts payable	\$ 72,808	\$ 45,516
Grants payable	2,142	17,367
	<u>74,950</u>	<u>62,883</u>
Equity:		
Equity in art works (Note 5)	1,492,972	1,271,757
Contributed surplus	2,461	3,060
Reserve (Note 6)	3,282,443	2,732,443
Surplus	277,792	80,575
	<u>5,055,668</u>	<u>4,087,835</u>
	<u>\$5,130,618</u>	<u>\$4,150,718</u>

The accompanying notes are part
of these financial statements.

OVINCIAL CORPORATIONS

THE ALBERTA ART FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
REVENUE		
Contributions from Western Canada Lottery Corporation	\$1,375,846	\$1,100,000
Interest	279,205	239,389
Miscellaneous	2,900	935
	<u>1,657,951</u>	<u>1,340,324</u>
EXPENDITURE		
Grants	444,735	394,768
Purchase of art works	189,015	161,537
Wages	104,604	98,741
Board members fees and expenses	57,166	47,749
Technical and professional services	39,643	24,829
Office	22,355	9,591
Accounting services	18,000	—
Cataloguing and display	15,466	46,083
Staff travel	8,564	1,524
Public relations	6,580	6,518
Depreciation	2,097	1,550
Donations and gifts of art works	1,495	2,213
Miscellaneous	1,014	2,113
	<u>910,734</u>	<u>797,216</u>
Excess of revenue over expenditure for the year	747,217	543,108
Surplus at beginning of year	80,575	87,467
	<u>827,792</u>	<u>630,575</u>
Transfer to reserve (Note 6)	<u>550,000</u>	<u>550,000</u>
Surplus at end of year	<u>\$ 277,792</u>	<u>\$ 80,575</u>

**THE ALBERTA ART FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Art Foundation operates under the authority of the Alberta Art Foundation Act, Chapter A-15, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

General

These financial statements have been prepared in accordance with generally accepted accounting principles except that art works are charged to operations in the year of acquisition. Notwithstanding this policy, however, the balance sheet also shows for information purposes, the cumulative cost of artworks owned with a corresponding credit shown as equity in art works.

Donated Art Works

Donated art works are shown at appraised value at date of acquisition and are recorded as equity in art works. Appraisals are performed by either Foundation personnel or a professional appraiser as determined by the Foundation. Appraised value adjustments may arise upon Board decisions to obtain professional appraisals subsequent to initial Foundation appraisals.

Equipment

Equipment purchased by the Foundation is shown at cost. Equipment donated is shown at the donor's net book value. Contributed surplus is credited with the recorded value of the donated equipment.

Equipment is depreciated over 10 years to an estimated salvage value. Depreciation on assets purchased is charged to expenditure and depreciation on donated assets is charged to contributed surplus.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Costs

Certain salary, accommodation and other overhead costs incurred in the administration of the Foundation have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta. Interest is earned on the daily balance in the fund at the average rate of interest earnings of the fund.

Note 5 Equity in Art Works

Changes in equity in art works are summarized as follows:

	<u>1987</u>	<u>1986</u>
Equity at beginning of year	\$1,271,757	\$1,063,324
Add: Art works purchased	189,015	161,537
Art works donated	35,404	81,900
	<u>1,496,176</u>	<u>1,306,761</u>
Deduct: Disposal of art works	3,204	35,004
Equity at end of year	<u>\$1,492,972</u>	<u>\$1,271,757</u>

Note 6 Reserve

In accordance with Ministerial directives dated August 3, 1984 and April 15, 1986, \$550,000 of the funds received from Western Canada Lottery Corporation, were transferred from surplus to reserve. The funds are required to be invested in the Consolidated Cash Investment Trust Fund of the Province of Alberta, thus providing a long-term and autonomous source of future funding. These funds are not available to The Alberta Art Foundation for use in its normal operations unless written approval to do so is granted by the Minister of Culture and Multiculturalism.

Note 7 Commitments

Outstanding commitments at March 31, 1987 amounted to \$93,128 (1986 \$218,325).

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

The financial statements were reviewed by the Chairman of the Finance Committee and have been recommended for approval by the Foundation.

THE ALBERTA CULTURAL HERITAGE FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Operating Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The Alberta
Cultural Heritage Foundation

I have examined the balance sheet of The Alberta Cultural Heritage Foundation as at March 31, 1987 and the statement of revenue, expenditure and operating surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 20, 1987

**THE ALBERTA CULTURAL HERITAGE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Current:		
Cash and term deposits	\$1,950,224	\$1,639,530
Interest receivable	13,301	15,694
Accounts receivable	893	2,043
Inventory (Note 3)	46,200	50,400
Prepaid expenses	4,116	6,232
	<u>2,014,734</u>	<u>1,713,899</u>
Fixed (Note 4)	31,894	7,644
	<u>\$2,046,628</u>	<u>\$1,721,543</u>
LIABILITIES AND SURPLUS		
Current:		
Accounts payable	\$ 2,539	\$ 4,843
Grants payable	219,825	153,870
Obligation under capital lease (Note 5)	8,014	—
	<u>230,378</u>	<u>158,713</u>
Surplus:		
Reserve (Note 6)	1,000,000	1,000,000
Operating surplus	816,250	562,830
	<u>1,816,250</u>	<u>1,562,830</u>
	<u>\$2,046,628</u>	<u>\$1,721,543</u>

The accompanying notes are part of these financial statements.

**THE ALBERTA CULTURAL HERITAGE FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
REVENUE		
Contributions from Western Canada Lottery Corporation	\$1,625,000	\$1,300,000
Interest	165,974	183,595
Sale of 'Alberta People' kits	5,652	11,982
Sale of Cultural Heritage Profiles	662	900
	<u>1,797,288</u>	<u>1,496,477</u>
EXPENDITURE		
Grants for ethno-cultural projects	1,283,489	1,060,304
'Alberta People' project	7,689	21,936
	<u>1,291,178</u>	<u>1,082,240</u>
Administration:		
Salaries and wages	127,330	116,571
Board expenses	60,773	51,000
Office rental and expenses	37,008	31,371
Professional fees	10,957	139
Depreciation and amortization	8,698	5,368
Equipment rental and maintenance	4,271	6,454
Interest	1,220	—
Bank charges	535	541
Miscellaneous	1,898	3,574
	<u>252,690</u>	<u>215,018</u>
Excess of revenue over expenditure for the year	<u>1,543,868</u>	<u>1,297,258</u>
Operating surplus at beginning of year	562,830	1,363,611
Appropriated to reserve (Note 6)	—	(1,000,000)
Operating surplus at end of year	<u>\$ 816,250</u>	<u>\$ 562,830</u>

THE ALBERTA CULTURAL HERITAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Cultural Heritage Foundation operates under the authority of the Alberta Cultural Heritage Act, Chapter A-17.5, Statutes of Alberta 1984.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Depreciation and Amortization

Depreciation is recorded using the straight-line method at the following annual rates:

Office furniture - 15% of original cost
 Office equipment - 25% of original cost.

Equipment under capital lease is amortized on a straight-line basis over its estimated economic life of five years.

The cost of a video produced for public relations purposes is amortized over its estimated useful life of three years.

(b) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered adequate.

Note 3 Inventory

Inventory consists of 'Alberta People' kits, valued at net realizable value, which is significantly below cost.

Note 4 Fixed Assets

Fixed assets are summarized as follows:

	1987		1986	
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$23,969	\$18,244	\$ 5,725	\$7,644
Public relations video	20,376	3,679	16,697	—
Equipment under capital lease	<u>11,599</u>	<u>2,127</u>	<u>9,472</u>	<u>—</u>
	<u><u>\$55,944</u></u>	<u><u>\$24,050</u></u>	<u><u>\$31,894</u></u>	<u><u>\$7,644</u></u>

Note 5 Obligation Under Capital Lease

The following is a schedule of future minimum lease payments under the capital lease expiring February 1, 1989, together with the balance of the obligation under capital lease.

	1987
Year ending March 31	
1988	\$ 4,805
1989	<u>4,807</u>
Total minimum lease payments	9,612
Less: amount representing interest at 18%	<u>(1,598)</u>
Balance of the obligation	<u><u>\$ 8,014</u></u>

Note 6 Reserve

The Foundation established a reserve for the purpose of retaining an ongoing funding capability.

Note 7 Commitments

At March 31, 1987, the Foundation had commitments totalling \$354,305 (1986 \$212,376) in respect of grants approved but not disbursed where certain conditions were still to be met by the applicants.

Note 8 Subsequent Event

The "Alberta Cultural Heritage Amendment Act, 1987" received royal assent on June 5, 1987, and when proclaimed, the Alberta Cultural Heritage Foundation will be discontinued, and the Alberta Multicultural Commission established. The assets and liabilities of Alberta Cultural Heritage Foundation will become the assets and liabilities of the Province of Alberta.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were reviewed by the Chairman and Treasurer and recommended for approval by the Foundation.

THE ALBERTA FOUNDATION FOR THE LITERARY ARTS
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Retained Earnings
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Alberta
Foundation for the Literary Arts

I have examined the balance sheet of the Alberta Foundation for the Literary Arts as at March 31, 1987 and the statement of revenue, expenditure and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
May 15, 1987

FINANCIAL CORPORATIONS

THE ALBERTA FOUNDATION FOR THE LITERARY ARTS
BALANCE SHEET
AS AT MARCH 31, 1987

	1987	1986
ASSETS		
Current:		
Cash	\$365,615	\$287,742
Short-term deposits	497,010	521,665
Interest receivable	38,808	7,593
Accounts receivable	1,947	167
Prepaid expenses	2,898	2,448
	<u>906,278</u>	<u>819,615</u>
Fixed:		
Furniture and equipment, at cost	12,982	10,992
Less: Accumulated depreciation	4,793	2,299
	<u>8,189</u>	<u>8,693</u>
	<u>\$914,467</u>	<u>\$828,308</u>
LIABILITIES AND EQUITY		
Current:		
Grants payable	\$ 89,567	\$177,660
Accounts payable	4,541	12,025
	<u>94,108</u>	<u>189,685</u>
Equity:		
Retained earnings	178,384	638,623
Reserve	641,975	—
	<u>820,359</u>	<u>638,623</u>
	<u>\$914,467</u>	<u>\$828,308</u>

The accompanying notes are part
of these financial statements.

THE ALBERTA FOUNDATION FOR THE LITERARY ARTS
STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
REVENUE		
Contributions from the Western Canada Lottery		
Alberta Division	\$1,000,000	\$ 800,000
Interest	61,934	66,883
	<u>1,061,934</u>	<u>866,883</u>
EXPENDITURE		
Grants	714,302	860,358
Salaries and employee benefits	75,175	47,378
Board members fees and related expenses	50,359	29,795
Office	27,388	18,245
Professional fees	4,676	2,729
Staff travel	3,178	2,767
Depreciation	2,494	2,299
Advertising, public relations and conferences	2,307	2,854
Miscellaneous	319	1,912
	<u>880,198</u>	<u>968,337</u>
Excess (deficiency) of revenue over expenditure for the year	181,736	(101,454)
Retained earnings at beginning of year	638,623	740,077
	<u>820,359</u>	<u>638,623</u>
Less:		
Appropriation to reserve (Note 3)	641,975	—
Retained earnings at end of year	<u>\$ 178,384</u>	<u>\$ 638,623</u>

THE ALBERTA FOUNDATION FOR THE LITERARY ARTS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Foundation for the Literary Arts operates under the authority of the Cultural Foundations Act, Chapter C-40, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

Grants

Grants are recorded as expenditure when approved by the Board and required conditions are met by the grant applicants.

Amounts returned by grant recipients are offset against grants expenditure in the year they are returned.

Depreciation

Depreciation is recorded using the straight-line method at the following rates:

Office furniture and equipment- 15% of original cost

Computer equipment - 25% of original cost

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Reserve

The Foundation has established a reserve for the purpose of retaining an ongoing funding capability and to provide for future exceptional grant expenditures.

Note 4 Commitments

At March 31, 1987 the Foundation had commitments totalling \$22,400 (1986 nil) in respect of grants approved but not disbursed where certain conditions were still to be met by the applicants.

Note 5 Approval of Financial Statements

These financial statements were reviewed by the Chairman and recommended for approval by the Board.

THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Operating Surplus
Statement of Restricted Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The Alberta
Foundation for the Performing Arts

I have examined the balance sheet of The Alberta Foundation for the Performing Arts as at March 31, 1987 and the statements of revenue, expenditure and operating surplus and restricted funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
August 7, 1987

THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
BALANCE SHEET
AS AT MARCH 31, 1987

	1987	1986
ASSETS		
GENERAL FUNDS		
Current:		
Cash	\$ 46,529	\$ 87
Short-term deposits and Treasury bills	249,434	129,607
Interest receivable	183,598	154,611
Accounts receivable	—	19,058
Prepaid expenses	853	2,355
Due from restricted funds	2,008	25,175
	<u>482,422</u>	<u>330,893</u>
Investments (Note 3)	<u>3,393,605</u>	<u>2,941,293</u>
Fixed:		
Furniture and computer equipment, at cost	40,681	35,666
Less: Accumulated depreciation	23,109	13,942
	<u>17,572</u>	<u>21,724</u>
	<u>3,893,599</u>	<u>3,293,910</u>
RESTRICTED FUNDS (Note 4)		
Current:		
Cash	62,643	144,462
Treasury bills	—	1,790,745
Interest receivable	47,620	64,499
	<u>110,263</u>	<u>1,999,706</u>
Investments (Note 3)	<u>1,500,385</u>	<u>1,502,485</u>
	<u>1,610,648</u>	<u>3,502,191</u>
	<u>\$5,504,247</u>	<u>\$6,796,101</u>
LIABILITIES AND SURPLUS		
GENERAL FUNDS		
Current:		
Accounts payable	\$ 9,622	\$ 7,453
Grants payable	<u>—</u>	<u>70,700</u>
	<u>9,622</u>	<u>78,153</u>
Surplus:		
Reserves (Note 5)	3,734,303	2,984,303
Operating surplus	149,674	231,454
	<u>3,883,977</u>	<u>3,215,757</u>
	<u>3,893,599</u>	<u>3,293,910</u>
RESTRICTED FUNDS (Note 4)		
Current:		
Accounts payable	—	973
Grants payable	—	79,891
Interest payable	—	79,853
Due to general funds	2,008	25,175
	<u>2,008</u>	<u>185,892</u>
Unexpended funds	<u>1,608,640</u>	<u>3,316,299</u>
	<u>1,610,648</u>	<u>3,502,191</u>
	<u>\$5,504,247</u>	<u>\$6,796,101</u>

The accompanying notes are part
of these financial statements.

VINCIAL CORPORATIONS

**THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
REVENUE		
Contribution from Western Canada Lottery Corporation (Note 6)	\$1,250,000	\$1,001,058
Investment income	379,762	335,469
Royalties (Note 7)	1,712	9,583
Donation	385	—
	<u>1,631,859</u>	<u>1,346,110</u>
EXPENDITURE		
Financial assistance to the performing arts:		
Regular program	678,490	626,370
Administrative:		
Salaries and employee benefits	129,140	67,686
Board expenses	44,495	61,221
Printing and supplies	32,234	15,819
Rent	15,147	13,676
Depreciation	9,262	9,182
Telephone	8,693	6,900
Legal and professional	8,000	13,695
Postage	5,209	5,359
Insurance	3,084	2,359
Training and seminars	1,480	3,560
Utilities	855	495
Advertising	648	1,613
Leasehold improvements	—	2,381
Miscellaneous	2,902	2,370
	<u>261,149</u>	<u>206,316</u>
Special awards program	24,000	16,044
	<u>963,639</u>	<u>848,730</u>
Excess of revenue over expenditure	668,220	497,380
Operating surplus at beginning of year	231,454	234,074
	<u>899,674</u>	<u>731,454</u>
Appropriated to reserve (Note 5)	750,000	500,000
Operating surplus at end of year	<u>\$ 149,674</u>	<u>\$ 231,454</u>

THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
STATEMENT OF RESTRICTED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
REVENUE		
Investment income	\$ 241,433	\$ 364,913
Contribution from Western Canada Lottery Corporation (Note 6)	—	7,000,000
	<u>241,433</u>	<u>7,364,913</u>
EXPENDITURE		
Financial assistance to the performing arts:		
Conditional grants	1,544,243	3,448,293
Unconditional grants	145,925	247,469
Special project grant	98,562	—
Management consultant grants	78,996	—
Interest grants	46,744	266,908
	<u>1,914,470</u>	<u>3,962,670</u>
Administrative:		
Legal and professional	19,888	15,290
Board expenses	6,982	24,405
Salaries and employee benefits	4,565	38,606
Telephone	1,374	1,971
Postage	1,012	2,115
Printing and supplies	433	1,367
Miscellaneous	368	2,190
	<u>34,622</u>	<u>85,944</u>
Excess (deficiency) of revenue over expenditure	<u>1,949,092</u>	<u>4,048,614</u>
Unexpended funds at beginning of year	<u>3,316,299</u>	<u>—</u>
Unexpended funds at end of year	<u>\$ 1,608,640</u>	<u>\$3,316,299</u>

THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Foundation for the Performing Arts operates under the authority of the Cultural Foundations Act, Chapter C-40, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies**(a) Depreciation**

Depreciation is recorded using the straight-line method at the following rates:

Office furniture and equipment - 15% of original cost
 Computer equipment - 30% of original cost

(b) Investments

Investments are recorded at cost or amortized cost where applicable. Amortization of premium or discount is calculated on a straight-line basis from acquisition date to maturity date.

(c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Investments

Investments are summarized as follows:

	1987		1986	
	Cost	Market Value	Cost	Market Value
General funds:				
Guaranteed investment certificates	\$1,700,000	\$1,700,000	\$1,500,000	\$1,500,000
Government of Canada bonds	1,593,710	1,797,963	1,441,293	1,611,240
Province of Alberta bonds	99,895	102,750	—	—
	<u>3,393,605</u>	<u>3,600,713</u>	<u>2,941,293</u>	<u>3,111,240</u>
Restricted funds:				
Government of Canada bonds	1,500,385	1,506,750	1,502,485	1,512,000
	<u>\$4,893,990</u>	<u>\$5,107,463</u>	<u>\$4,443,778</u>	<u>\$4,623,240</u>

The market value of guaranteed investment certificates, which are only realizable on maturity and are non-transferable, is deemed to be equal to cost.

Note 4 Restricted Funds

Restricted funds represent a Conditional Assistance Program established by the Minister of Culture in June 1985. The program was funded from uncommitted lottery funds received in the year ended March 31, 1986 and is intended to assist performing arts organizations meet financial obligations and current objectives. The program, which is scheduled to terminate October 31, 1989, can require grants to be refunded by the recipients if certain contractual conditions are not fulfilled by April 1, 1988.

Note 5 Reserves

The general reserve was established to provide a long-term and autonomous source of funding. The reserve for the Supplementary Operating Support Program was established to respond to the needs caused by a reduction in the operating grant program of the Department of Culture and Multiculturalism. The balances and transfers to these reserves, appropriated from operating surplus by resolution of the Board of Directors of the Foundation, are summarized as follows:

	Balance at beginning of year	Transfers to Reserves	Balance at end of year
General reserve	\$2,984,303	\$500,000	\$3,484,303
Reserve for supplementary operating support program	—	250,000	250,000
	<u>\$2,984,303</u>	<u>\$750,000</u>	<u>\$3,734,303</u>
1986 comparative figures	<u>\$2,484,303</u>	<u>\$500,000</u>	<u>\$2,984,303</u>

- Note 6 Contribution from Western Canada Lottery Corporation
Western Canada Lottery Corporation contributions are received pursuant to provisions of the Interprovincial Lottery License which expires March 31, 1989.
- Note 7 Royalties
As a condition of some grants, the Foundation may be entitled to receive a share of producers' receipts in the form of royalties.
- Note 8 Commitments
At March 31, 1987 the Foundation had general funds commitments of \$120,495 (1986 \$271,468) and restricted funds commitments of \$1,085,649 (1986 \$2,767,284) in respect of grants approved but not yet disbursed, pending fulfillment of conditions by recipients. In addition, \$214,204 (1986 \$145,000) of restricted funds was committed for management consultant grants.
- Note 9 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 10 Approval of Financial Statements
These financial statements were reviewed by Management and recommended for approval by the Board.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Statement of Restricted Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Directors of The Alberta
Historical Resources Foundation

I have examined the balance sheet of The Alberta Historical Resources Foundation as at December 31, 1986 and the statements of revenue, expenditure and surplus and restricted funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at December 31, 1986 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
February 27, 1987

**THE ALBERTA HISTORICAL RESOURCES FOUNDATION
BALANCE SHEET
AS AT DECEMBER 31, 1986**

	1986	1985
ASSETS		
Current:		
Cash	\$ 267,444	\$ 157,018
Short-term deposits	1,181,749	927,779
Accounts receivable	7,067	9,397
Prepaid expenses	3,315	1,847
	<u>1,459,575</u>	<u>1,096,041</u>
Fixed:		
Furniture and equipment, at cost	58,961	47,308
Less: Accumulated depreciation	31,781	25,645
	<u>27,180</u>	<u>21,663</u>
Loans receivable, net	24,190	27,606
Historical, at cost	368,606	198,227
	<u>\$1,879,551</u>	<u>\$1,343,537</u>
LIABILITIES AND EQUITY		
Current:		
Grants payable (Note 3)	\$ 147,994	\$ 79,241
Accounts payable	66,790	8,962
	<u>214,784</u>	<u>88,203</u>
Equity:		
Equity in historical assets	368,606	198,227
Surplus	564,308	730,660
Reserve (Note 5)	700,000	302,834
Restricted fund	31,853	23,613
	<u>1,664,767</u>	<u>1,255,334</u>
	<u>\$1,879,551</u>	<u>\$1,343,537</u>

The accompanying notes are part
of these financial statements.

OVINCIAL CORPORATIONS

**THE ALBERTA HISTORICAL RESOURCES FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
REVENUE		
Contributions from the Western Canada Lottery		
Alberta Division	\$ 951,946	\$797,600
Interest	98,249	73,201
Donations	10,357	11,453
Recovery of bad debt	—	9,500
Grant from the Government of Canada	—	8,296
Membership fees	5,645	7,586
Miscellaneous	7,692	9,003
	<u>1,073,889</u>	<u>916,639</u>
EXPENDITURE		
Architectural preservation	409,475	270,700
Public awareness	222,914	122,142
Salaries and employee benefits	127,363	133,242
Board of Directors expenses	44,985	40,749
Office supplies and expenses	19,893	15,593
Staff training	6,138	5,830
Depreciation on furniture and equipment	6,136	5,938
Travel and car rental	3,222	3,450
Foundation projects	2,949	4,125
	<u>843,075</u>	<u>601,769</u>
Surplus for the year	<u>230,814</u>	<u>314,870</u>
Surplus at beginning of year		
As previously reported	415,428	415,428
Adjustment of grants payable (Note 3)	<u>315,232</u>	<u>25,000</u>
As restated	730,660	440,428
	<u>961,474</u>	<u>755,298</u>
Appropriation to reserve (Note 5)	<u>397,166</u>	<u>24,638</u>
Surplus at end of year	<u>\$ 564,308</u>	<u>\$730,660</u>

**THE ALBERTA HISTORICAL RESOURCES FOUNDATION
STATEMENT OF RESTRICTED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>Balance at Beginning of Year</u>	<u>Add Contributions and Interest</u>	<u>Deduct Expenditures</u>	<u>Balance at End of Year</u>
Endowment Fund:				
Sonderstrom Fund	<u>\$25,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$25,000</u>
Expendable Funds:				
Sonderstrom	4,758	2,095	—	6,853
Michener House	(6,295)	6,295	—	—
Bow Valley Chapter of Questar	150	—	150	—
	<u>(1,387)</u>	<u>8,390</u>	<u>150</u>	<u>6,853</u>
	<u>\$23,613</u>	<u>\$8,390</u>	<u>\$150</u>	<u>\$31,853</u>

**THE ALBERTA HISTORICAL RESOURCES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986**

Note 1 Authority

The Alberta Historical Resources Foundation operates under the authority of the Historical Resources Act, Chapter H-8, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles except that the cost of historical assets is charged to expenditure on acquisition and shown at cost on the balance sheet as historical assets with the offsetting credit to equity in historical assets.

(b) Fixed Assets

Furniture and equipment are depreciated at the rate of 15% per annum on a straight line basis.

(c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Grants Payable

The 1985 and 1984 grants payable were overstated by \$315,232 and \$25,000 respectively. The retroactive adjustment of these overstatements resulted in an increase of \$290,232 in the surplus for the year ended December 31, 1985, an increase in the surplus at December 31, 1985 of \$315,232 and an increase in the surplus at the beginning of 1985 of \$25,000.

Note 4 Accommodation

Accommodation costs incurred in the administration of the Foundation have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 5 Reserve

The Foundation has established a reserve for the purpose of retaining an ongoing funding capability.

Note 6 Commitments

At December 31, 1986 the Foundation had commitments totalling \$424,344 (1985 \$342,825) in respect of planned projects and grants approved but not disbursed where certain conditions were still to be met by the applicants.

Note 7 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 8 Approval of Financial Statements

These financial statements were reviewed by the Chairman and recommended for approval by the Board.

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Consolidated Balance Sheet
Consolidated Statement of Operations
Consolidated Statement of Operating Fund Balance
Consolidated Statement of Capital Contributions
Consolidated Statement of Changes in Financial Position
Consolidated Statement of Endowment Fund Transactions
Notes to the Consolidated Financial Statements

AUDITOR'S REPORT

To the Board of Governors of the
Glenbow-Alberta Institute

I have examined the consolidated balance sheet of the Glenbow-Alberta Institute as at March 31, 1987 and the consolidated statements of operations, operating fund balance, capital contributions, changes in financial position and endowment fund transactions for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

In common with similar organizations, the Institute derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Institute and I was not able to determine whether any adjustments might be necessary to donation revenue, net operating surplus, assets and operating surplus balance at end of year.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of revenue from donations referred to in the preceding paragraph, these consolidated financial statements present fairly the financial position of the Institute as at March 31, 1987, the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the consolidated financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
June 5, 1987

**GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Operating		
Current:		
Cash and deposits	\$ 1,001,680	\$ 641,801
Accrued interest receivable	191,846	171,392
Accounts receivable	53,139	110,550
Prepaid expenses	47,577	162,730
Merchandise for resale	164,902	170,699
	1,459,144	1,257,172
Collections	—	—
Property and equipment (Note 4)	451,789	1,189,759
	1,910,933	2,446,931
Endowment		
Marketable securities (Note 3(a))	8,941,440	8,392,012
Investment property (Note 3(b))	500,000	—
	9,441,440	8,392,012
Designated		
Current:		
Deposits	3,544,579	3,904,205
Accrued interest receivable	78,785	—
	3,623,364	3,904,205
	\$14,975,737	\$14,743,148
LIABILITIES, EQUITY AND FUND BALANCES		
Operating		
Current:		
Accounts payable	\$ 343,849	\$ 332,209
Equity:		
Operating fund balance	1,567,084	423,235
Capital contributions	—	1,691,487
	1,567,084	2,114,722
	1,910,933	2,446,931
Endowment		
Fund balance	9,441,440	8,392,012
	9,441,440	8,392,012
Designated		
Funds balance (Note 5)	3,623,364	3,904,205
	3,623,364	3,094,205
	\$14,975,737	\$14,743,148

The accompanying notes are part of
these consolidated financial statements.

PROVINCIAL CORPORATIONS

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987

	1987			1986
	Operating	Designated	Consolidated	Consolidated
Income				
Province of Alberta grants -				
general operating	\$3,409,030	\$ —	\$3,409,030	\$2,611,133
other	—	13,782	13,782	32,669
Government of Canada grants -				
National Museums operating	—	183,066	183,066	148,164
Canada Council	—	131,578	131,578	121,935
other	—	201,574	201,574	285,490
Investment income -				
endowment	847,870	—	847,870	850,519
other	173,639	—	173,639	175,187
Donations	296,582	835,612	1,132,194	951,567
Glenbow Museum Acquisitions				
Society (Note 6)	—	90,764	90,764	107,153
Calgary Region Arts				
Foundation grant	—	80,872	80,872	49,280
Admissions and sales	315,485	—	315,485	424,675
Museum Shop sales	358,875	—	358,875	457,165
Luxton Museum sales	36,659	—	36,659	32,080
Publications	—	46,768	46,768	25,991
Miscellaneous	38,617	—	38,617	52,100
	<u>5,476,757</u>	<u>1,584,016</u>	<u>7,060,773</u>	<u>6,325,108</u>
Expenses				
Curatorial	1,192,342	467,061	1,659,403	1,521,068
Support services	1,376,716	332,544	1,709,260	1,612,430
Administration	848,985	377,206	1,226,191	986,148
Occupancy (Note 7)	739,877	22	739,899	729,696
Museum Shop	373,893	16,003	389,896	409,930
Interpretation	150,395	194,998	345,393	381,103
Public relations	289,802	52,252	342,054	425,463
Depreciation on equipment	88,309	—	88,309	195,237
Development	130,665	5,110	135,775	130,191
Luxton Museum	115,879	—	115,879	111,874
Purchases of collection items	19,506	92,052	111,558	198,003
Publications	—	46,768	46,768	25,991
	<u>5,326,369</u>	<u>1,584,016</u>	<u>6,910,385</u>	<u>6,727,134</u>
Net operating surplus (deficit) for the year	\$ 150,388	\$ —	\$ 150,388	\$ (402,026)

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED STATEMENT OF OPERATING FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Balance at beginning of year	\$ 423,235	\$ 825,261
Net operating surplus (deficit) for the year	150,388	(402,026)
Transfer from capital contributions	993,461	—
Balance at end of year	<u>\$1,567,084</u>	<u>\$ 423,235</u>

**GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED STATEMENT OF CAPITAL CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Balance at beginning of year	\$1,691,487	\$1,696,705
Contributions		
Grants received for acquisition of furniture and equipment	13,303	5,832
	<u>1,704,790</u>	<u>1,702,537</u>
Reductions		
Loss on disposal of fixed assets	2,130	11,050
Transfer of property to endowment fund	149,221	—
Write-off of furniture and equipment (Note 4)	559,978	—
Transfer to operating fund balance	993,461	—
	<u>1,704,790</u>	<u>11,050</u>
Balance at end of year	<u>\$ —</u>	<u>\$1,691,487</u>

**GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Cash provided by (used in) operating activities:		
Surplus (deficit) for the year	\$ 150,388	\$(402,026)
Add items not affecting cash:		
Depreciation	88,309	195,237
Net change in non-cash balances relating to operations	<u>169,546</u>	<u>(12,070)</u>
	<u>408,243</u>	<u>(218,859)</u>
Purchases of furniture and equipment	(63,097)	(41,209)
Proceeds on disposal of fixed assets	1,430	4,000
Grants received for fixed asset acquisitions	13,303	5,832
	<u>(48,364)</u>	<u>(31,377)</u>
Increase (decrease) in cash	359,879	(250,236)
Cash at beginning of year	641,801	892,037
Cash at end of year	<u>\$1,001,680</u>	<u>\$ 641,801</u>

PROVINCIAL CORPORATIONS

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED STATEMENT OF ENDOWMENT FUND TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
Contributions		
Gain on disposal of investments	\$ 547,747	\$ 207,569
Property transferred from operating assets	149,221	—
Gain on disposal of property (Note 3(b))	350,779	—
Amortization of discount on stripped bond coupons	—	90,168
Other contributions	1,681	1,389
	<u>1,049,428</u>	<u>299,126</u>
Reductions		
Loss on disposal and write-down to market value of investments	—	69,810
	<u>1,049,428</u>	<u>229,316</u>
Increase for the year		
Balance at beginning of year	8,392,012	11,750,437
Adjustments re amortization of prior years' capital losses	—	(1,891,036)
Reclassification to capital contributions	—	(1,696,705)
	<u>8,392,012</u>	<u>8,162,696</u>
Balance at end of year	<u>\$9,441,440</u>	<u>\$8,392,012</u>

GLENBOW-ALBERTA INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

Glenbow-Alberta Institute operates under the authority of the Glenbow-Alberta Institute Act, Chapter G-5, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

(a) **Consolidated Financial Statements**

The consolidated financial statements of Glenbow-Alberta Institute which include the accounts of its wholly-owned subsidiaries, Glenbow Foundation and Luxton Museum Ltd., have been prepared in accordance with generally accepted accounting principles, except:

(i) Depreciation has not been provided on buildings.

(ii) Collection items, including gifts, constitute the principal portion of the Institute's assets but are not reflected in the consolidated balance sheet because of the practical difficulties in reflecting them at a meaningful current value. Collection items are expensed when purchased.

(b) **Designated Funds**

The Institute receives certain funds which are designated by the donor for special uses. When these funds are spent for the purposes for which they are intended, they are taken into the accounts of the Institute as operating income if the related expenditures are of an operating nature, and as a capital contribution if the related expenditures are of a capital nature. The Institute regards unexpended funds of this nature as designated funds.

It is the Institute's policy to maintain these funds separately from its own funds over which it has unrestricted authority and control.

(c) **Endowment Investment**

The Institute's capital endowment, initially \$10,000,000, is invested in marketable securities in accordance with the provisions of the Glenbow-Alberta Institute Act. It has, over the years, been reduced by the net effect of gains and losses on security sales and other minor charges.

The Institute's policy to recover the net capital losses realized to June 30, 1983 was achieved by the sale of stripped bond coupons, recognizing a gain of \$567,316.

Investment gains and losses realized are recognized in the consolidated statement of Endowment Fund Transactions.

(d) **Property and Equipment**

(i) Land and buildings are stated at cost to the Institute and its predecessor and wholly-owned subsidiaries.

(ii) Furniture and equipment are depreciated at a composite rate of 10% per annum, straight-line. Land leased in Banff National Park is amortized over the life of the lease on a straight-line basis.

Note 3 Endowment Fund

(a) **Marketable Securities**

Short-term deposits, bonds, debentures and stocks are recorded at cost, as follows:

	<u>1987</u>	<u>1986</u>
Bonds and debentures	\$ 5,667,246	\$4,209,678
Common and preferred stocks	3,020,774	1,893,506
Stripped bond coupons	—	775,827
Cash and short-term deposits	<u>253,420</u>	<u>1,513,001</u>
	<u>\$ 8,941,440</u>	<u>\$8,392,012</u>
Market value	<u>\$10,331,803</u>	<u>\$9,751,034</u>

(b) **Investment Property**

An investment property, acquired through an exchange for another building owned by the Institute, has been recorded at the offer price of \$500,000. Rental revenue (net of expenses) of \$19,246 is included in investment income. No depreciation has been provided on the building.

PROVINCIAL CORPORATIONS

Note 4 Property and Equipment

		1987		1986
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and equipment	\$1,533,912	\$1,245,415	\$288,497	\$ 888,622
Buildings	155,435	—	155,435	293,042
Leased land	<u>10,000</u>	<u>2,143</u>	<u>7,857</u>	<u>8,095</u>
	<u>\$1,699,347</u>	<u>\$1,247,558</u>	<u>\$451,789</u>	<u>\$1,189,759</u>

The building exchanged for the endowment investment (Note 3(b)) was previously reported under Property and Equipment, Operating Fund.

During the year the Institute revised the capitalization criteria for furniture and equipment. The cost of assets which do not conform to the revised criteria and the cost of assets disposed of in prior years or considered of no further use or value was deleted from property and equipment and is disclosed as a reduction on the Consolidated Statement of Capital Contributions.

Note 5 Designated Funds Balance

Designated funds transactions for the year ended March 31, 1987 are as follows:

Balance at beginning of year	\$3,904,205
Receipts for the year	<u>1,303,175</u>
	<u>5,207,380</u>

Less amounts recognized as income:

- from balance at beginning of year	857,043
- from receipts for the year	<u>726,973</u>
	<u>1,584,016</u>

Balance at end of year

\$3,623,364

Designated funds balance includes a grant of \$2,000,000 from the Province of Alberta to reorganize the space in the Glenbow Museum for the purpose of combining the Glenbow and Devonian collections. Interest earned on this grant, net of expenses, is included in designated funds.

Note 6 Glenbow Museum Acquisitions Society

The Glenbow Museum Acquisitions Society is a legally separate entity whose purpose is to raise money for one of the Institute's designated funds. In 1987, the Society made contributions of \$105,000 to the Institute (1986 \$131,400).

Note 7 Imputed Rent, Province of Alberta, and Imputed Services, City of Calgary

The Glenbow Centre is leased to the City of Calgary by the Province of Alberta for a nominal amount of one dollar per year. The City of Calgary, in turn, subleases it to the Institute for the same amount per year. The City of Calgary also provides janitorial, maintenance and utility services for the Centre at no cost to the Institute. The fair market value of the services was determined to be \$1,118,920 for the year ended March 31, 1987 (1986 \$1,138,977). These amounts have not been included in the statement of operations. Fair market value of the rental has not been determined.

Note 8 Pooled Pension Trust Fund

The Institute has a contributory pension plan providing retirement income for all employees meeting certain age and length of service requirements. Under the terms of the plan, the Institute contributes an amount deemed necessary as recommended by a qualified actuary to fund the liabilities under the plan. In 1987 and 1986, this amount has been approximately equal to the employees' contributions to fund current service benefits. The total pension expense for the year was \$107,602 (1986 \$105,306).

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

The Audit Committee reviewed these financial statements and recommended their approval to the Institute's Board of Governors.

THE GOVERNMENT HOUSE FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Directors of The Government
House Foundation

I have examined the balance sheet of The Government House Foundation as at March 31, 1987 and the statement of revenue, expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
June 18, 1987

PROVINCIAL CORPORATIONS

**THE GOVERNMENT HOUSE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Current:		
Cash	\$ 4,902	\$ 34,754
Short-term deposits	80,000	50,000
Accrued interest receivable	1,546	1,545
	<u>86,448</u>	<u>86,299</u>
Fixed:		
Artworks and furnishings		
- purchased, at cost	310,138	268,953
- donated, at appraised value	<u>179,229</u>	<u>179,078</u>
	<u>489,367</u>	<u>448,031</u>
	<u><u>\$575,815</u></u>	<u><u>\$534,330</u></u>
LIABILITIES AND EQUITY		
Current:		
Accounts payable	<u>\$ 110</u>	<u>\$ 2,716</u>
Equity in fixed assets:		
Purchased	310,138	268,953
Donated	<u>179,229</u>	<u>179,078</u>
	<u>489,367</u>	<u>448,031</u>
Operating surplus	<u>86,338</u>	<u>83,583</u>
	<u><u>\$575,815</u></u>	<u><u>\$534,330</u></u>

The accompanying notes are part
of these financial statements.

**THE GOVERNMENT HOUSE FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Revenue:		
Grants from the Province of Alberta, Department of Culture	\$50,000	\$50,000
Interest	6,006	5,686
Disposal of artwork	<u>—</u>	<u>500</u>
	<u>56,006</u>	<u>56,186</u>
Expenditure:		
Artworks	41,185	—
Office supplies and expense	4,531	1,992
Public relations	3,408	3,931
Framing and mounting	2,610	—
Travel and member's expense	930	1,273
Professional fees	185	—
Furnishings	<u>—</u>	<u>2,282</u>
Miscellaneous	402	128
	<u>53,251</u>	<u>9,606</u>
Excess of revenue over expenditure	2,755	46,580
Surplus at beginning of year	<u>83,583</u>	<u>37,003</u>
Surplus at end of year	<u><u>\$86,338</u></u>	<u><u>\$83,583</u></u>

**THE GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Government House Foundation operates as a non-profit entity under the authority of the Government House Act, Chapter G-7, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to operations in the year of acquisition. Notwithstanding this policy, however, the balance sheet also shows, for information purposes, the cumulative amount of such expenditures in respect of all fixed assets presently owned with a corresponding credit shown as equity in fixed assets.

Donated fixed assets are shown on the balance sheet at appraised value with the offsetting credit to equity in fixed assets.

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Costs

Salary, accommodation, basic office furnishings, and other overhead costs incurred in the administration of the Foundation have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Approval of Financial Statements

These financial statements were approved by the Chairman of the Foundation.

ALBERTA MOTION PICTURE DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations
Notes to the Financial Statements

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Motion Picture Development Corporation

I have examined the balance sheet of the Alberta Motion Picture Development Corporation as at March 31, 1987 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987, and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Edmonton, Alberta
June 17, 1987

Auditor General

**ALBERTA MOTION PICTURE DEVELOPMENT CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Operating Fund		
Cash	\$ 27,601	\$ 19,110
Accounts receivable	51	1,060
Prepaid expenses	2,997	5,835
Leasehold improvements	32,901	32,901
Furniture and equipment	77,092	78,664
	<u>140,642</u>	<u>137,570</u>
Loan Fund		
Cash	108,491	285,807
Loans to producers of motion pictures and television pilots (Note 3)	<u>945,215</u>	<u>1,106,537</u>
	<u>1,053,706</u>	<u>1,392,344</u>
	<u>\$1,194,348</u>	<u>\$1,529,914</u>
LIABILITIES		
Operating Fund		
Accounts payable	\$ 13,534	\$ 11,261
Due to the Province of Alberta (Note 4)	17,115	14,744
Equity in fixed assets	109,993	111,565
	<u>140,642</u>	<u>137,570</u>
Loan Fund		
Due to the Motion Picture Development Fund (Note 5)	<u>1,053,706</u>	<u>1,392,344</u>
	<u>\$1,194,348</u>	<u>\$1,529,914</u>

The accompanying notes are part of these financial statements.

**ALBERTA MOTION PICTURE DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Salaries and employee benefits	\$161,507	\$136,516
Promotion, marketing and travel	84,704	89,458
Office rental	37,783	38,867
Professional fees	28,787	33,367
Supplies and services	24,972	19,507
Equipment purchase, rental and repair	17,529	20,666
Advertising	16,628	27,524
Honorariums - Board and committee members	13,528	11,485
Telephone	12,467	11,004
Other	6,114	4,910
	<u>\$404,019</u>	<u>\$393,304</u>
Contribution by the Province of Alberta (Note 4)	<u>\$404,019</u>	<u>\$393,304</u>

ALBERTA MOTION PICTURE DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Motion Picture Development Corporation operates under the authority of the Motion Picture Development Act, Chapter M-19.1, Statutes of Alberta 1981, which expires on March 31, 1989.

Note 2 Significant Accounting Policies and Reporting Practices**a) Basis of Accounting**

These financial statements have been prepared in accordance with generally accepted accounting principles except that leasehold improvements and purchases of furniture and equipment are charged to operations in the year of acquisition. The balance sheet also shows, for information purposes, the cumulative amount of such expenditures in respect of all fixed assets presently owned with a corresponding credit shown as equity in fixed assets.

b) Fund Accounting

The Alberta Motion Picture Development Corporation receives funding from different sources. It is the Corporation's policy to keep these funds segregated by purpose and to report the assets and liabilities of each fund separately on the balance sheet. The two funds are:

- i) an operating fund which receives operating grants from the Department of Economic Development and Trade of the Province of Alberta to pay the operating expenses of the Corporation.
- ii) a loan fund which receives advances from the Motion Picture Development Fund, interest earned on loans to producers and bank interest earned on unutilized advances. These amounts are used to make advances to producers of motion pictures and television pilots.

c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Loans to Producers of Motion Pictures and Television Pilots

These loans are limited to 60% of the total funds required during the pre-production stage. For a television series, the pre-production stage includes the cost of producing the pilot.

	<u>1987</u>	<u>1986</u>
Loans and interest due from producers at beginning of year before allowance for non-recovery	\$2,567,613	\$1,626,969
Add: Loans advanced in year	333,202	872,461
Interest earned in year	252,437	219,819
	3,153,252	2,719,249
Deduct: Loans repaid by producers	40,943	88,375
Interest received	23,700	23,316
Loans and interest written off	399,810	39,945
	464,453	151,636
	2,688,799	2,567,613
Deduct: Allowance for non-recovery of loans and interest	1,743,584	1,461,076
Loans and interest due from producers at end of year	\$ 945,215	\$1,106,537

The allowance for non-recovery of loans and interest is determined:

- by management's ongoing assessment of the ability of the producers to obtain financing to cover the full cost of production and to repay the loans, and
- by applying a formula which in management's opinion reflects the high financial risks faced by producers and financiers during the pre-production stage of making motion pictures and television pilots.

Note 4 Due to the Province of Alberta

Operating expenses of the Corporation are paid by the Province of Alberta. The unexpended portion of the Province's contribution and the interest earned on the operating advances are due to the Province.

	1987	1986
Balance at beginning of year	\$ 14,744	\$ 5,342
Cash received during the year	<u>404,100</u>	<u>400,000</u>
	418,844	405,342
Operating expenses for the year	<u>404,019</u>	<u>393,304</u>
	14,825	12,038
Interest earned	<u>2,290</u>	<u>2,706</u>
Balance at end of year	<u><u>\$ 17,115</u></u>	<u><u>\$ 14,744</u></u>

Note 5 Due to the Motion Picture Development Fund

	1987	1986
Due to the Fund at beginning of year before allowance for non-recovery	\$2,853,420	\$1,776,615
Add:		
Advances in year	256,000	995,000
Interest earned in year on loans to producers	<u>252,437</u>	<u>219,819</u>
Other interest income	<u>12,700</u>	<u>6,525</u>
	<u><u>3,374,557</u></u>	<u><u>2,997,959</u></u>
Deduct:		
Repayments of advances by the Corporation	177,457	104,594
Loans and interest due from producers written off	<u>399,810</u>	<u>39,945</u>
	<u><u>577,267</u></u>	<u><u>144,539</u></u>
	2,797,290	2,853,420
Deduct:		
Allowance for non-recovery of loans and interest due from producers	<u>1,743,584</u>	<u>1,461,076</u>
Due to the Fund at end of year	<u><u>\$1,053,706</u></u>	<u><u>\$1,392,344</u></u>

At its inception, the Fund was advanced \$3 million which, together with interest thereon, is available to the Corporation for making loans to producers. Loans written off by the Corporation together with the allowance for non-recovery, reduce the liability of the Corporation to the Fund.

At March 31, 1987, there was a balance of approximately \$1.93 million remaining in the Fund which was available to the Corporation for making loans to producers of motion pictures and television pilots.

Note 6 Commitments

Operating Fund:

Effective August 1, 1982, the Corporation signed a five year lease for office accommodation in Canmore, Alberta. The lease has a four year renewal term and a minimum annual rent of \$36,810.

Loan Fund:

At March 31, 1987 the Corporation was committed to making loan advances of \$484,530 to producers of motion pictures and television pilots.

Note 7 Approval of Financial Statements

These financial statements were reviewed by management and recommended for approval by the Board.

ALBERTA OPPORTUNITY COMPANY
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report

Balance Sheet

Statement of Income and Expenses

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedules of Expenses

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Opportunity Company

I have examined the balance sheet of the Alberta Opportunity Company as at March 31, 1987 and the statements of income and expenses and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
April 30, 1987

ALBERTA OPPORTUNITY COMPANY
BALANCE SHEET
MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
ASSETS		
Cash	\$ 4,293,400	\$ 5,344,200
Deferred charges and accounts receivable	127,200	18,800
Property held for sale (Note 3)	5,582,700	5,751,600
Loans receivable (Note 4)	132,693,500	133,875,600
Office equipment (Note 5)	295,700	266,700
	<u>\$142,992,500</u>	<u>\$145,256,900</u>
LIABILITIES AND ACCUMULATED DEFICIT		
Accounts payable and accrued expenses	\$ 1,734,400	\$ 2,065,100
Bank guarantees called	2,415,000	2,635,000
Promissory note (Note 6)	4,100,000	—
Long term debt (Note 7)	155,600,000	162,400,000
	<u>163,849,400</u>	<u>167,100,100</u>
Accumulated deficit (Note 8)	<u>(20,856,900)</u>	<u>(21,843,200)</u>
	<u><u>\$142,992,500</u></u>	<u><u>\$145,256,900</u></u>

The accompanying notes are part
of these financial statements.

VINCIAL CORPORATIONS

**ALBERTA OPPORTUNITY COMPANY
STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Income:		
Interest revenue	\$15,925,900	\$17,742,400
Guarantee fees	15,300	20,900
Grant from the Province of Alberta (Note 8)	<u>11,834,300</u>	<u>8,020,900</u>
	<u>27,775,500</u>	<u>25,784,200</u>
Expenses:		
Interest expense	16,992,400	19,043,100
Staff - Schedule 1	3,968,900	3,941,800
Other manpower - Schedule 2	824,200	742,700
Communications - Schedule 3	590,900	554,300
Other operating expenses - Schedule 4	<u>835,300</u>	<u>887,400</u>
	<u>23,211,700</u>	<u>25,169,300</u>
Income before the undernoted:		
	4,563,800	614,900
Income (loss) on disposal of inventory financed	—	151,100
Income (loss) on property held for sale (Note 9)	(660,000)	(708,900)
Provision for doubtful accounts (Note 4)	<u>(5,050,700)</u>	<u>(5,181,100)</u>
Bad debt recoveries	533,200	621,500
Net loss for the year	<u>\$ (613,700)</u>	<u>\$ (4,502,500)</u>

**ALBERTA OPPORTUNITY COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Cash provided by (used for):		
Operations		
Net loss for the year	\$ (613,700)	\$ (4,502,500)
Non-cash items:		
Provision for doubtful accounts	5,050,700	5,181,100
Other	591,700	939,400
Loans receivable		
Disbursed	(29,571,100)	(24,333,900)
Repaid	25,702,500	28,049,400
Property held for sale	(318,300)	(2,726,400)
Other	<u>(792,600)</u>	<u>(56,600)</u>
	<u>49,200</u>	<u>2,550,500</u>
Financing		
Promissory notes	4,100,000	—
Long term debt issued	33,000,000	34,000,000
Long term debt repaid	(39,800,000)	(38,800,000)
Grant from Province of Alberta	1,600,000	1,600,000
	<u>(1,100,000)</u>	<u>(3,200,000)</u>
Decrease during the year	(1,050,800)	(649,500)
Cash at beginning of year	5,344,200	5,993,700
Cash at end of year	<u>\$ 4,293,400</u>	<u>\$ 5,344,200</u>

ALBERTA OPPORTUNITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Opportunity Company operates under the authority of the Alberta Opportunity Fund Act, Chapter A-34, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant accounting policies

Property held for sale:

Property held for sale by the Company is valued at the lower of cost or net realizable value.

Allowance for doubtful accounts:

The provision for doubtful accounts is determined following a detailed review of the accounts and is based on the Company's historical experience.

Office equipment:

Equipment owned by the Company is valued at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates of 15% and 20% per annum.

Leasehold improvements are valued at cost less accumulated amortization. Amortization is calculated over the remaining term of each lease.

Note 3 Property held for sale

	<u>1987</u>	<u>1986</u>
Cost	\$8,641,200	\$8,322,900
Less: Allowance for reduction in property values	<u>3,058,500</u>	<u>2,571,300</u>
	<u>\$5,582,700</u>	<u>\$5,751,600</u>

Note 4 Loans receivable

	<u>1987</u>	<u>1986</u>
Loans and accrued interest receivable	\$147,437,200	\$147,928,800
Less: Allowance for doubtful accounts	<u>14,743,700</u>	<u>14,053,200</u>
	<u>\$132,693,500</u>	<u>\$133,875,600</u>

The details of the allowance for doubtful accounts are as follows:

	<u>1987</u>	<u>1986</u>
Balance, beginning of year	\$14,053,200	\$17,646,000
Provision	5,050,700	5,181,100
Accounts written off	(4,360,200)	(8,773,900)
Balance, end of year	<u>\$14,743,700</u>	<u>\$14,053,200</u>

Note 5 Office equipment

	<u>1987</u>	<u>1986</u>
Equipment	\$578,500	\$450,600
Less: Accumulated depreciation	<u>318,600</u>	<u>236,200</u>
	<u>259,900</u>	<u>214,400</u>
Leasehold improvements	150,500	144,900
Less: Accumulated amortization	<u>114,700</u>	<u>92,600</u>
	<u>35,800</u>	<u>52,300</u>
	<u>\$295,700</u>	<u>\$266,700</u>

Note 6 Promissory note

A 7% discounted promissory note due on June 29, 1987 in the amount of \$4,100,000 was issued to the Province of Alberta. The discount amount of \$69,600 is included in deferred charges and accounts receivable.

DViNCIAL CORPORATIONS

Note 7 Long term debt

The following debenture debt series comprise debentures issued in varying amounts, rates of interest and maturity dates to the Province of Alberta and held by the Alberta Heritage Savings Trust Fund:

	<u>Issued</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Balance Outstanding</u>
Series A	\$ 50,000,000	9.90%	March 31, 1989	\$ 50,000,000
Series B	9,000,000	15.89	June 15, 1987	1,800,000
Series C	185,000,000	8.06 to 13.50%	September 30, 1987 to March 31, 1992	103,800,000
	<u><u>\$244,000,000</u></u>			<u><u>\$155,600,000</u></u>

Principal repayments are scheduled as follows:

Year ending March 31, 1988	\$ 38,800,000
1989	76,400,000
1990	20,400,000
1991	13,400,000
1992	6,600,000
	<u><u>\$155,600,000</u></u>

Note 8 Accumulated deficit

	<u>1987</u>	<u>1986</u>
Balance, beginning of year	\$(21,843,200)	\$(18,940,700)
Grant from the Province of Alberta	1,600,000	1,600,000
Net loss for the year	(613,700)	(4,502,500)
Balance, end of year	<u><u>\$(20,856,900)</u></u>	<u><u>\$(21,843,200)</u></u>

The Province of Alberta provides financing designed to eliminate the deficit balance existing at March 31, 1983 of approximately \$8,000,000 by way of providing an annual grant of \$1,600,000 in each of the five years ending March 31, 1988.

The agreement also provides for additional financing by way of an annual grant to the Company for the assistance of small business. For the year ended March 31, 1987 \$11,834,300 (\$8,020,900 - 1986) was provided for this purpose.

Note 9 Income (loss) on property held for sale

	<u>1987</u>	<u>1986</u>
Provision for reduction in property values	\$ (487,200)	\$ (810,300)
Disposals:		
Gains	57,600	236,300
Losses	(190,500)	(96,700)
	<u>(132,900)</u>	<u>139,600</u>
Rental:		
Income	1,118,500	1,152,100
Expenses	(1,158,400)	(1,190,300)
	<u>(39,900)</u>	<u>(38,200)</u>
	<u><u>\$ (660,000)</u></u>	<u><u>\$ (708,900)</u></u>

Note 10 Contingent liabilities

Guarantees of bank loans:

The Company is contingently liable as a guarantor of bank loans aggregating \$815,000 (\$1,490,000 - 1986).

Legal actions:

There are 53 claims totalling approximately \$29,350,000 (26 claims totalling approximately \$6,400,000 - 1986) against the Company and/or its various agents. The Company considers that a valid defense exists in each instance and no material loss is anticipated.

Note 11 Commitments

Authorizations undisbursed:

	<u>1987</u>	<u>1986</u>
Loans	\$10,969,300	\$8,034,200
Guarantees	210,000	195,000
Venture investments	500,000	—
	<u><u>\$11,679,300</u></u>	<u><u>\$8,229,200</u></u>

Note 12 Comparative figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 13 Financial statement review

These financial statements, which have been prepared by the Company, have been reviewed by both the management of the Company and the Audit and Budget Committee of the Board and their acceptance by the Board of Directors was recommended.

**ALBERTA OPPORTUNITY COMPANY
SCHEDULES OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Schedule 1		
Staff:		
Salaries and wages	\$3,540,000	\$3,496,700
Pension plans	253,400	231,200
Unemployment insurance	71,600	66,000
Medical and group insurance	90,200	86,400
Workers' Compensation Board	2,600	8,400
Educational assistance	2,900	2,600
Recruitment	4,000	500
Relocation	4,200	50,000
	<u>\$3,968,900</u>	<u>\$3,941,800</u>
Schedule 2		
Other manpower:		
Board of Directors fees	\$ 155,000	\$ 136,300
Legal	600,800	577,700
Consultants	63,200	24,700
Credit reporting agencies	5,200	4,000
	<u>\$ 824,200</u>	<u>\$ 742,700</u>
Schedule 3		
Communications:		
Telephone	\$ 43,100	\$ 41,100
Mail	23,600	23,200
Travel	267,800	254,700
Advertising	256,400	235,300
	<u>\$ 590,900</u>	<u>\$ 554,330</u>
Schedule 4		
Other operating expenses:		
Occupancy	\$ 399,400	\$ 443,200
Data processing	56,400	64,000
Office supplies and services	85,900	72,900
Vehicle and equipment	109,200	120,200
Fees and subscriptions	49,200	35,200
Depreciation and amortization	105,300	129,100
Insurance	29,300	22,200
Miscellaneous	600	600
	<u>\$ 835,300</u>	<u>\$ 887,400</u>

ALBERTA OIL SANDS TECHNOLOGY AND RESEARCH AUTHORITY
OIL SANDS TECHNOLOGY AND RESEARCH FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Balance
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Alberta Oil
Sands Technology and Research Authority

I have examined the balance sheet of the Alberta Oil Sands Technology and Research Authority - Oil Sands Technology and Research Fund as at March 31, 1987 and the statement of revenue, expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
June 23, 1987

**ALBERTA OIL SANDS TECHNOLOGY AND RESEARCH AUTHORITY
OIL SANDS TECHNOLOGY AND RESEARCH FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Cash	\$16,058,465	\$11,692,706
Deposits in trust (Note 3)	—	1,657,694
Deposits on projects (Note 4)	1,703,743	487,062
Accounts receivable	2,444,794	3,572,192
Prepaid expense	2,111	6,052
	<u>\$20,209,113</u>	<u>\$17,415,706</u>
LIABILITIES AND FUND BALANCE		
Current:		
Accounts payable	\$20,835,267	\$ 9,505,160
Holdbacks payable	1,100,624	1,772,912
	<u>21,935,891</u>	<u>11,278,072</u>
Fund balance (deficit)	(1,726,778)	6,137,634
	<u>\$20,209,113</u>	<u>\$17,415,706</u>

The accompanying notes are part
of these financial statements.

**ALBERTA OIL SANDS TECHNOLOGY AND RESEARCH AUTHORITY
OIL SANDS TECHNOLOGY AND RESEARCH FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Revenue:		
Contributions by the Province of Alberta:		
Alberta Heritage Savings Trust Fund (Note 5)	\$31,400,000	\$50,000,000
General Revenue Fund	34,700,000	—
Technology sales	1,227,125	2,156,404
	<u>67,327,125</u>	<u>52,156,404</u>
Expenditure:		
In situ oil sands, net	25,082,211	8,945,980
Underground access	11,248,413	15,691,395
Institutional research	10,486,394	10,289,985
Bitumen upgrading	9,911,582	4,651,643
Heavy oil, net	7,959,139	855,847
Mining and extraction	5,037,965	4,081,375
Carbonate trend	2,860,813	2,542,242
Enhanced recovery	1,306,250	741,141
Technology handling	559,102	693,749
Authority costs	448,223	471,612
Training activities, net	219,758	270,129
International activities	71,687	109,690
	<u>75,191,537</u>	<u>49,344,788</u>
Excess (deficiency) of revenue over expenditure for the year	(7,864,412)	2,811,616
Fund balance at beginning of year	6,137,634	3,326,018
Fund balance (deficit) at end of year	<u>\$(1,726,778)</u>	<u>\$ 6,137,634</u>

**ALBERTA OIL SANDS TECHNOLOGY AND RESEARCH AUTHORITY
OIL SANDS TECHNOLOGY AND RESEARCH FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Oil Sands Technology and Research Authority operates under the authority of the Oil Sands Technology and Research Authority Act, Chapter 0-6, Revised Statutes of Alberta 1980.

These financial statements disclose receipts of \$34,700,000 as a contribution from the Province of Alberta, General Revenue Fund. There appears to be no express authority in the Oil Sands Technology and Research Authority Act which allows the Authority to accept contributions from this source.

Note 2 Significant Accounting Policies and Reporting Practices

Expenditures from the Fund are not capitalized due to the intangible nature of assets that may accrue to the Authority. The Authority will be entitled to share in any assets remaining at the end of a project in proportion to its percentage of participation.

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Deposits in Trust

Deposits in trust consist of deposits in the General Trust Fund of the Province of Alberta.

Note 4 Deposits on Projects

The amount of \$1,703,743 (1986 \$487,062) shown on the balance sheet represents the excess of cash calls on projects over actual expenditures.

Note 5 Contributions by the Province of Alberta

The Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1986-87 provided for payments to the Authority to a maximum of \$31,400,000 for the year ended March 31, 1987 (1986 \$50,000,000).

Note 6 Administration Costs

The following costs incurred in the administration of the Authority have been borne by the General Revenue Fund and are not reflected in these financial statements.

	<u>1987</u>	<u>1986</u>
Salaries and wages	\$2,249,489	\$2,045,637
Fees and commissions	410,978	442,747
Rental of property and equipment	404,603	305,479
Employee benefits	290,388	234,929
Travelling and hospitality	235,158	237,341
Materials and supplies	49,051	129,180
Staff relocation costs	29,229	576
Telephone and telegraph	14,805	14,447
Freight, express and postage	14,263	8,754
Furniture and equipment purchases	12,345	15,830
Equipment maintenance	10,624	11,633
Advertising	4,123	11,855
Grants	<u>—</u>	<u>4,262</u>
	<u>\$3,725,056</u>	<u>\$3,462,670</u>

Note 7 Commitments

The Authority had outstanding commitments as at March 31, 1987 totalling \$60,448,633 (1986 \$72,011,025) for approved projects.

Note 8 Contingent Liabilities

The Authority is involved in a number of legal proceedings. Claims against the Authority in these proceedings, which have not been reflected in the financial statements, amount to approximately \$7,600,000. While the ultimate outcome of these proceedings cannot be determined at this time, it is the opinion of management that the disposition of these cases will have a minor effect on the financial position of the Authority.

Note 9 Recoverable Expenditures

The following amounts represent potential future recoveries:

Shell Canada Resources Limited	
PRISP Project	\$12,200,000
Sale of 50% interest in PRISP Project	12,200,000
Norcen International - BODO Steam Pilot Project	6,900,000
Vikor Resources - Joffre Project	3,300,000
	<u>\$34,600,000</u>

Recovery of these amounts is dependent on generation of sufficient revenue by the projects. Due to the uncertainty concerning the amount of revenue which may ultimately be generated, these amounts have not been included as a receivable in these financial statements.

Note 10 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 11 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA PETROLEUM MARKETING COMMISSION
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report

Balance Sheet

Statement of Revenue and Expenditure - Operating Fund

Statement of Operations - Petroleum Marketing Fund

Statement of Revenue and Expenditure - Ethane Feedstock Price

 Equalization Program

Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Petroleum Marketing Commission

I have examined the balance sheet of the Alberta Petroleum Marketing Commission as at December 31, 1986 and the statements of revenue and expenditure for the Operating Fund and the Ethane Feedstock Price Equalization Program and the statement of operations for the Petroleum Marketing Fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1986 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
April 24, 1987

**ALBERTA PETROLEUM MARKETING COMMISSION
BALANCE SHEET
AS AT DECEMBER 31, 1986**

	1986	1985
ASSETS		
OPERATING FUND		
Current		
Cash and short-term deposits	\$ 8,348,671	\$ 7,199,478
Accounts receivable	667,072	794,717
	<hr/>	<hr/>
9,015,743	7,994,195	
Furniture, equipment and leasehold improvements, at cost (Note 4)	3,565,534	3,433,587
	<hr/>	<hr/>
	12,581,277	11,427,782
PETROLEUM MARKETING FUND		
Current		
Cash and short-term deposits	38,383,783	62,607,670
Accounts receivable	114,287,420	359,850,397
	<hr/>	<hr/>
	152,671,203	422,458,067
ETHANE FEEDSTOCK PRICE EQUALIZATION PROGRAM (Note 5)		
Current		
Cash and short-term deposits	—	4,751,645
Accounts receivable - sales	—	15,077,454
Receivable from the Province of Alberta	—	10,225,752
	<hr/>	<hr/>
	—	30,054,851
	<hr/>	<hr/>
	\$165,252,480	\$463,940,700
LIABILITIES		
OPERATING FUND		
Current		
Accounts payable	\$ 439,048	\$ 1,855,419
Payable to the Province of Alberta	6,667,445	4,483,526
Deferred contributions (Note 2)	1,909,250	1,655,250
	<hr/>	<hr/>
	9,015,743	7,994,195
Equity in fixed assets (Note 2)	3,565,534	3,433,587
	<hr/>	<hr/>
	12,581,277	11,427,782
PETROLEUM MARKETING FUND		
Current		
Accounts payable	54,430,571	113,948,870
Crown royalty payable	98,240,632	308,509,197
	<hr/>	<hr/>
	152,671,203	422,458,067
ETHANE FEEDSTOCK PRICE EQUALIZATION PROGRAM		
Current		
Accounts payable - purchases	—	20,054,851
Accountable advance from the Province of Alberta	—	10,000,000
	<hr/>	<hr/>
	—	30,054,851
	<hr/>	<hr/>
	\$165,252,480	\$463,940,700

The accompanying notes are part of these financial statements.

VINCIAL CORPORATIONS

**ALBERTA PETROLEUM MARKETING COMMISSION
STATEMENT OF REVENUE AND EXPENDITURE
OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
Revenue		
Interest	\$3,423,404	\$3,085,343
Crude oil marketing fees (Note 6)	<u>4,035,208</u>	<u>2,859,622</u>
	<u>7,458,612</u>	<u>5,944,965</u>
Expenditure		
Salaries and employee benefits	4,909,730	4,356,489
Rental of premises (Note 8)	1,159,876	1,057,024
Technical studies	500,373	536,013
Travel	243,843	215,135
Computer services	230,044	226,192
Furniture and equipment	147,045	999,842
Printing and office supplies	128,233	119,831
Publications and periodicals	68,050	52,240
Personnel recruitment	59,054	131,622
Rental of office equipment	57,613	49,825
Telephone	35,609	28,799
Leasehold improvements	34,416	170,452
Postage and freight	27,663	39,649
Building and equipment maintenance	15,320	11,201
Insurance	6,834	3,447
Bank charges	6,720	—
Advertising	5,802	22,081
Miscellaneous	<u>13,193</u>	<u>12,120</u>
	<u>7,649,418</u>	<u>8,031,962</u>
Excess of expenditure over revenue	190,806	2,086,997
Contributions from the Province of Alberta	<u>190,806</u>	<u>2,086,997</u>
	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

**ALBERTA PETROLEUM MARKETING COMMISSION
STATEMENT OF OPERATIONS
PETROLEUM MARKETING FUND
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
Revenue: (Note 6)		
Sale of crude oil	\$1,680,003,230	\$7,319,676,307
New oil reference price supplement (Note 7)	286,199	864,684,166
Special old oil price supplement (Note 7)	—	755,249
	<u>1,680,289,429</u>	<u>8,185,115,722</u>
Expenditure: (Note 6)		
Transportation	61,694,901	108,694,530
Purchases:		
Contract and other	540,012,230	1,609,162,619
Crown lessees	—	3,336,912,090
	<u>601,707,131</u>	<u>5,054,769,239</u>
Royalty share remitted to the Province of Alberta	<u>\$1,078,582,298</u>	<u>\$3,130,346,483</u>

**ALBERTA PETROLEUM MARKETING COMMISSION
STATEMENT OF REVENUE AND EXPENDITURE
ETHANE FEEDSTOCK PRICE EQUALIZATION PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
Revenue		
Sale of natural gas	\$ 81,002,488	\$188,200,606
Expenditure		
Purchases of natural gas	108,390,129	240,017,503
Excess of expenditure over revenue	27,387,641	51,816,897
Contributions from the Province of Alberta	27,387,641	51,816,897
	<u>\$ —</u>	<u>\$ —</u>

ALBERTA PETROLEUM MARKETING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Alberta Petroleum Marketing Commission operates under the authority of the Petroleum Marketing Act, Chapter P-5, Revised Statutes of Alberta 1980, as amended, and the Natural Gas Marketing Act, Chapter N-2.8, Statutes of Alberta 1986, which was proclaimed in force on October 30, 1986.

These financial statements disclose financial transactions undertaken by the Commission on behalf of the Minister of Energy, related to the Ethane Feedstock Price Equalization Program (Note 5). The principal elements of the Program were contained in two agreements to which the Crown, but not the Commission, was a party. The Commission performed administrative functions under the agreements on behalf of the Crown. There appears to be no express authority in the Alberta statutes for the Commission to have performed its administrative functions under the agreements, and the Commission relied on the provisions of the agreements as its authority for that purpose.

Note 2 Significant Accounting Policies

General

These financial statements have been prepared in accordance with generally accepted accounting principles, with the following exceptions:

- (a) Purchases of furniture, equipment and leasehold improvements are charged to operating fund expenditure in the year of acquisition. However, the balance sheet states the cumulative amount of such expenditures in respect of all fixed assets presently owned with the offsetting credit to equity in fixed assets.
- (b) Assets and liabilities in foreign currencies have been translated into Canadian dollars at forward exchange contract rates or, where not covered by forward exchange contracts, at the rate of exchange in effect at the balance sheet date.

Deferred Contributions

The portion of contributions received from the Province of Alberta to cover operating costs for the period January 1, 1987 to March 31, 1987 has been deferred. Contributions by the Province are based on a yearly budget for the period April 1 to March 31.

Operating Fund Expenditure

The Natura' Gas Pricing Agreement Act Fund and Natural Gas Pricing Agreement Market Development Fund were administered by the Commission pursuant to the Natural Gas Pricing Agreement Act. The Take-or-pay Costs Sharing Fund, which came into effect November 1, 1986, is administered pursuant to the Take-or-pay Costs Sharing Act. The expenditure related to the administration of these Funds is reflected in the Statement of Revenue and Expenditure - Operating Fund.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Change in Reporting Practice

Syn crude Marketing Activities

The Commission's activities related to the marketing of synthetic crude oil from the Syn crude Project are now recorded in the Balance Sheet and Statement of Operations of the Petroleum Marketing Fund. Revenue for 1986 was \$162,802,526 (1985 \$386,362,458).

Note 4 Furniture, Equipment and Leasehold Improvements

Changes in furniture, equipment and leasehold improvements were as follows:

	<u>Balance Dec. 31, 1985</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance Dec. 31, 1986</u>
Furniture and equipment	\$2,646,956	\$ 154,284	\$56,753	\$2,744,487
Leasehold improvements	786,631	34,416	—	821,047
	<u>\$3,433,587</u>	<u>\$ 188,700</u>	<u>\$56,753</u>	<u>\$3,565,534</u>

Note 5 Ethane Feedstock Price Equalization Program

The Commission, on behalf of the Province of Alberta, conducted buy-sell transactions to ensure that producers of ethane by-products had access to natural gas feedstock at a price equal to the average price for intra-Alberta industrial gas. This program commenced in April, 1985 and applied to transactions from November 1, 1984 to June 30, 1986, at which time the program was terminated. Funding for this program was provided by the Province of Alberta, Department of Energy.

Note 6 Deregulation

Pursuant to the Energy Pricing and Taxation Understanding entered into by the governments of Alberta and Canada on March 27, 1985, the Commission's activities changed effective June 1, 1985. Although still responsible for marketing Crown royalty oil, the Commission ceased to act as the exclusive agent for marketing of the Crown lessees' share and became a competitor with other buyers and sellers of petroleum.

Revenue and Expenditure - Operating Fund

Crude Oil Marketing Fees

The 1985 comparative figure reflects fees earned as agents of Crown lessees for the seven month period following deregulation.

Operations - Petroleum Marketing Fund

The 1985 comparative figures in the Statement of Operations of the Petroleum Marketing Fund reflect transactions related to deliveries prior to and under deregulation as follows:

	May 1985 and Prior Deliveries	June 1985 to December 1985 Deliveries	Total
Revenue:			
Sales	\$4,796,261,530	\$2,523,414,777	\$7,319,676,307
NORP supplement	864,684,166	—	864,684,166
SOOP supplement	755,249	—	755,249
	<u>5,661,700,945</u>	<u>2,523,414,777</u>	<u>8,185,115,722</u>
Expenditure:			
Transportation	74,810,146	33,884,384	108,694,530
Purchases			
Contract and other	890,213,704	718,948,915	1,609,162,619
Crown lessees	3,336,912,090	—	3,336,912,090
	<u>4,301,935,940</u>	<u>752,833,299</u>	<u>5,054,769,239</u>
Royalty share remitted to the Province of Alberta	<u>\$1,359,765,005</u>	<u>\$1,770,581,478</u>	<u>\$3,130,346,483</u>

Note 7 New Oil Reference/Special Old Oil Price Supplements

New Oil Reference Price Payments

Effective January 1, 1982, pursuant to the Canada-Alberta agreement on energy pricing dated September 1, 1981, oil discovered after December 31, 1980 became eligible for the New Oil Reference Price (NORP). NORP supplement payments were received from the federal government for the difference between the established NORP price and the field price for conventional old oil. The NORP supplement payments were extended to cover pentanes plus and bitumen effective April 1, 1982. With the advent of the Energy Pricing and Taxation Understanding, the NORP program was discontinued May 31, 1985 and crude oil prices deregulated. NORP supplements received during the current year are adjustments relating to previous years' deliveries.

Special Old Oil Price Supplement Payments

Effective July 1, 1982, pursuant to The National Energy Program Update of May 1982, oil discovered from April 1, 1974 to December 31, 1980 became eligible for the Special Old Oil Price (SOOP). SOOP supplement payments were received from the federal government for the difference between the established SOOP price and the field price for conventional old oil. This category became eligible for NORP prices, effective July 1, 1983. SOOP supplements received during 1985 were adjustments relating to the period ended June 30, 1983.

Note 8 Commitment

Effective December 1, 1981, the Commission signed a fifteen year lease for office accommodation at a minimum annual rental of \$692,360 plus occupancy costs.

Note 9 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to the 1986 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by the Commission.

NATURAL GAS PRICING AGREEMENT ACT FUND
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Balance
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Petroleum Marketing Commission

I have examined the balance sheet of the Natural Gas Pricing Agreement Act Fund as at December 31, 1986 and the statement of revenue, expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
April 24, 1987

**NATURAL GAS PRICING AGREEMENT ACT FUND
BALANCE SHEET
AS AT DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
ASSETS		
Current		
Cash and short-term deposits	\$14,354,890	\$105,469,665
Accounts receivable	202,950	49,313,853
	<u>\$14,557,840</u>	<u>\$154,783,518</u>
LIABILITIES AND FUND BALANCE		
Current		
Price adjustments payable	\$ 27,821	\$ 14,569,360
Market development incentive payable	—	58,414,158
Export differential refund payable	<u>3,166,246</u>	—
	<u>3,194,067</u>	72,983,518
Reserve for market development incentive payments (Note 4)	—	81,800,000
Fund balance (Note 5)	<u>11,363,773</u>	—
	<u>\$14,557,840</u>	<u>\$154,783,518</u>

The accompanying notes are part
of these financial statements.

**NATURAL GAS PRICING AGREEMENT ACT FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
Revenue		
Export differential		
Natural gas sales	\$4,178,143,188	\$6,737,395,701
Cost of gas sold	<u>4,065,981,105</u>	6,039,098,906
	<u>112,162,083</u>	698,296,795
Interest	<u>7,374,379</u>	4,564,890
	<u>119,536,462</u>	702,861,685
Expenditure		
Price adjustments	60,309,063	457,787,614
Market development incentive payments (Note 3)	<u>129,663,626</u>	157,946,959
Transfer to Natural Gas Pricing Agreement		
Market Development Fund (Note 3)	—	5,327,112
	<u>189,972,689</u>	621,061,685
Excess (deficiency) of revenue over expenditure	(70,436,227)	81,800,000
Transfer from (to) reserve for market development		
incentive payments	81,800,000	(81,800,000)
Fund balance	<u>\$ 11,363,773</u>	\$ —

**NATURAL GAS PRICING AGREEMENT ACT FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986**

Note 1 Authority

The Natural Gas Pricing Agreement Act Fund was established by the Natural Gas Pricing Agreement Act, Chapter N-4, Revised Statutes of Alberta 1980, as amended.

Pursuant to the Western Accord and the Canada-Alberta agreement on gas pricing, the Commission ceased the purchasing and selling of natural gas and the distribution of export differential with respect to any gas delivered after October 31, 1986.

Note 2 Significant Accounting Policies**Administration Costs**

In accordance with the Natural Gas Pricing Agreement Act, the Fund is administered by the Alberta Petroleum Marketing Commission. Costs of administration are reflected in the Commission's Statement of Revenue and Expenditure - Operating Fund.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Market Development Incentive Payments

In accordance with the Canada-Alberta agreement on gas pricing of November 1981 as amended, payments were made to the Government of Canada for the period November 1, 1981 to April 30, 1986 to facilitate the expansion of markets for Alberta-produced gas in provinces east of Alberta. Amendments to the agreement required that additional amounts be paid to the Government of Canada for the purpose of making transportation assistance payments. These additional payments served to maintain tolls charged by TransCanada PipeLines Limited for the period November 1, 1985 to October 31, 1986 at 1984-85 levels.

Under the terms of the agreement, payments to the Government of Canada were limited to \$75,000,000 for the year ended April 30, 1985, and to \$160,000,000 for the 15 month period ended April 30, 1986. However, the Natural Gas Pricing Agreement Act provided that any amount in excess of the limitations, which would otherwise have been paid to the Government of Canada, was available to be transferred to the Natural Gas Pricing Agreement Market Development Fund. In 1985, an amount of \$5,327,112 was transferred in accordance with this provision.

Market development incentive payments were as follows:

	<u>1986</u>	<u>1985</u>
Transportation assistance	\$ 96,697,034	\$ 20,253,522
Expansion of markets	<u>32,966,592</u>	<u>137,693,437</u>
	<u>\$129,663,626</u>	<u>\$157,946,959</u>

Note 4 Reserve for Market Development Incentive Payments

The reserve for market development incentive payments represented an appropriation of funds to meet future obligations under the market development incentive payment programs outlined in Note 3 above.

Note 5 Fund Balance

Upon the completion of audits, any remaining Fund balance will be distributed, based on October 1986 deliveries.

Note 6 Comparative Figures

Inasmuch as the Fund ceased collection and distribution of export differential with respect to gas delivered after October 31, 1986, current year figures include only ten delivery months.

Note 7 Approval of Financial Statements

These financial statements were approved by the Commission.

NATURAL GAS PRICING AGREEMENT MARKET DEVELOPMENT FUND
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Statement of Receipts, Payments and Fund Balance
Notes to the Financial Statement

AUDITOR'S REPORT

To the Members of the
Alberta Petroleum Marketing Commission

I have examined the statement of receipts, payments and fund balance of the Natural Gas Pricing Agreement Market Development Fund for the year ended December 31, 1986. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the balance of the Fund as at December 31, 1986 and the receipts collected and payments made for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statement applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
April 24, 1987

VINCIAL CORPORATIONS

**NATURAL GAS PRICING AGREEMENT MARKET DEVELOPMENT FUND
STATEMENT OF RECEIPTS, PAYMENTS AND FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
Receipts		
Market development levies	\$ 28,067.585	\$57,857,086
Transfer from Natural Gas Pricing Agreement Act Fund (Note 3)	—	5,327,112
Interest	<u>1,119,087</u>	<u>1,412,683</u>
	<u>29,186,672</u>	<u>64,596,881</u>
Payments		
Retention incentives	24,315.823	28,810,437
Development incentives	<u>21,157.829</u>	<u>24,510,180</u>
	<u>45,473.652</u>	<u>53,320,617</u>
Excess (deficiency) of receipts over payments	(16,286,980)	11,276,264
Fund balance, beginning of year	<u>18,416.976</u>	<u>7,140,712</u>
Fund balance, end of year (Note 4)	<u>\$ 2,129,996</u>	<u>\$18,416,976</u>

The accompanying notes are part
of this financial statement.

**NATURAL GAS PRICING AGREEMENT MARKET DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1986**

Note 1 Authority

The Natural Gas Pricing Agreement Market Development Fund was established by the Natural Gas Pricing Agreement Act, Chapter N-4, Revised Statutes of Alberta 1980, as amended.

Pursuant to the Western Accord, the Natural Gas Markets Incentive Plan, which provided incentives for retention and development of natural gas markets in provinces east of Alberta, ended April 30, 1986.

Note 2 Significant Accounting Policies

General

The Fund's financial statement, since inception, has been prepared on a cash basis. Upon the completion of audits of the contributors, the remaining Fund balance will be refunded thereto.

Reliance on Distributor Submissions

In accordance with the Natural Gas Pricing Agreement Act, the Commission entered into agreements with natural gas distributors in Manitoba, Ontario and Quebec for the purpose of providing incentives for the retention and development of natural gas markets by those distributors. The incentives were provided in respect of gas delivered in a plan year in excess of established base quantities.

The agreements provided for retention and development incentive payments by the Commission to distributors, who in turn passed these payments on to their customers, based on natural gas consumption at eligible facilities. In accordance with these agreements, the Commission relied on certified submissions received from distributors as the basis for payments made from the Fund. Further, the agreements required that a compliance report be prepared by the distributors' auditors and be provided to the Commission within six months following the end of each plan year.

Administration Costs

In accordance with the Natural Gas Pricing Agreement Act, the Fund is administered by the Alberta Petroleum Marketing Commission. Costs of administration are reflected in the Commission's Statement of Revenue and Expenditure - Operating Fund.

Note 3 Transfer from Natural Gas Pricing Agreement Act Fund

Under the terms of the Natural Gas Pricing Agreement Act, when a limitation on the amount of market development incentive payments was in effect, any amount in excess of the limitation which would otherwise have been paid to the Government of Canada, was available to be transferred from the Natural Gas Pricing Agreement Act Fund to the Natural Gas Pricing Agreement Market Development Fund. The amount of \$5,327,112 represents the transfer for the year ended April 30, 1985.

Note 4 Fund Balance

The Fund balance is represented by cash and short-term deposits.

Note 5 Comparative Figures

Inasmuch as the Plan ended April 30, 1986, current year figures include only four delivery months.

Note 6 Approval of Financial Statement

This financial statement was approved by the Commission.

TAKE-OR-PAY COSTS SHARING FUND
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Petroleum Marketing Commission

I have examined the balance sheet of the Take-or-pay Costs Sharing Fund as at December 31, 1986 and the statement of revenue and expenditure for the period then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1986 and the results of its operations for the period then ended in accordance with generally accepted accounting principles.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
May 6, 1987

**TAKE-OR-PAY COSTS SHARING FUND
BALANCE SHEET
AS AT DECEMBER 31, 1986**

	1986
ASSETS	
Current	
Cash	\$ 515,178
Accounts receivable	<u>18,551,379</u>
	<u><u>\$19,066,557</u></u>
LIABILITIES	
Current	
Accounts payable	\$ 6,481,386
Deferred revenue (Note 3)	<u>12,585,171</u>
	<u><u>\$19,066,557</u></u>

The accompanying notes are part
of these financial statements.

**TAKE-OR-PAY COSTS SHARING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE TWO MONTHS ENDED DECEMBER 31, 1986**

	1986
Revenue	
Take-or-pay levies	\$27,210,815
Interest	<u>861</u>
	<u><u>27,211,676</u></u>
Expenditure	
Take-or-pay costs	<u>27,211,676</u>
Excess of revenue over expenditure	<u><u>\$ —</u></u>

**TAKE-OR-PAY COSTS SHARING FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986**

Note 1 Authority

The Take-or-pay Costs Sharing Fund was established by the Take-or-pay Costs Sharing Act, Chapter T-O.1, Statutes of Alberta 1986, and came into operation November 1, 1986.

Note 2 Significant Accounting Policies

Administration Costs

In accordance with the Take-or-pay Costs Sharing Act, the Fund is administered by the Alberta Petroleum Marketing Commission. Costs of administration are reflected in the Commission's Statement of Revenue and Expenditure - Operating Fund.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Deferred Revenue

The deferred revenue represents the portion of December, 1986 levies which will be used to pay future take-or-pay costs.

Note 4 Comparative Figures

Inasmuch as this is the first reporting period of the Fund, no comparative figures have been provided.

Note 5 Approval of Financial Statements

These financial statements were approved by the Commission.

ALBERTA ENVIRONMENTAL RESEARCH TRUST
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and
 Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Board of Trustees of the
Alberta Environmental Research Trust

I have examined the balance sheet of the Alberta Environmental Research Trust as at December 31, 1986 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust as at December 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
February 25, 1987

VINCIAL CORPORATIONS

ALBERTA ENVIRONMENTAL RESEARCH TRUST
BALANCE SHEET
AS AT DECEMBER 31, 1986

	1986	1985
ASSETS		
Current:		
Cash	\$213,220	\$228,211
Travel advance to employee	500	500
Prepaid insurance	1,963	1,963
	<u>\$215,683</u>	<u>\$230,674</u>
LIABILITIES		
Current:		
Research grants payable	\$ 24,240	\$ 13,150
Accounts payable	3,291	3,550
	<u>27,531</u>	<u>16,700</u>
Unexpended funds	188,152	213,974
	<u>\$215,683</u>	<u>\$230,674</u>

The accompanying notes are part
of these financial statements.

ALBERTA ENVIRONMENTAL RESEARCH TRUST
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
REVENUE		
Grants from the Province of Alberta:		
Department of the Environment	\$340,000	\$340,000
Interest	25,961	29,321
Sale of reports	420	330
	<u>366,381</u>	<u>369,651</u>
EXPENDITURE		
Research grants	308,574	372,521
Salaries and employee benefits	48,367	48,045
Printing and office supplies	16,639	14,475
Travel and entertainment	10,007	7,236
Conference assistance and awards	5,500	—
Honoraria	1,810	2,160
Miscellaneous	1,306	1,139
	<u>392,203</u>	<u>445,576</u>
Deficiency of revenue over expenditure	25,822	75,925
Unexpended funds at beginning of year	213,974	289,899
Unexpended funds at end of year	<u>\$188,152</u>	<u>\$213,974</u>

**ALBERTA ENVIRONMENTAL RESEARCH TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986**

Note 1 Authority

The Alberta Environmental Research Trust operates under the authority of the Alberta Environmental Research Trust Act, Chapter A-20, Revised Statutes of Alberta 1980.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Costs

Equipment, furniture and certain overhead costs incurred in the administration of the Trust have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Commitments

The Trust had commitments outstanding as at December 31, 1986 totalling \$198,380 (1985 \$209,605) for approved projects. Further commitments totalling \$184,654 were made in January 1987.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA SPECIAL WASTE MANAGEMENT CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Retained Earnings
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Special Waste Management Corporation

I have examined the balance sheet of the Alberta Special Waste Management Corporation as at March 31, 1987 and the statement of revenue, expenditure and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 31, 1987

**ALBERTA SPECIAL WASTE MANAGEMENT CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)**

	1987	1986
ASSETS		
Current:		
Cash (Note 3)	\$11,661	\$ 6,029
Accounts receivable	15	39
Prepaid rent	—	7
	<u>11,676</u>	<u>6,075</u>
Investment in joint venture (Note 4)	12,840	3,555
Fixed (Note 5)	4,746	4,039
Other	—	665
	<u>\$29,262</u>	<u>\$14,334</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Due to joint venture	\$ 740	\$ 2,267
Accounts payable	98	575
Holdbacks payable	—	79
Security deposits	1,473	16
	<u>2,311</u>	<u>2,937</u>
Equity:		
Equity in joint venture	12,840	3,555
Equity in fixed assets	4,746	4,039
Retained earnings	9,365	3,803
	<u>26,951</u>	<u>11,397</u>
	<u>\$29,262</u>	<u>\$14,334</u>

The accompanying notes are part
of these financial statements.

**ALBERTA SPECIAL WASTE MANAGEMENT CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)**

	1987	1986
Revenue:		
Grant from the Province of Alberta, General Revenue Fund	\$18,660	\$ 9,445
Interest earnings	689	612
Other	1	4
	<u>19,350</u>	<u>10,061</u>
Expenditure:		
Joint venture:		
Investment	9,285	3,555
Contributions to operations, net (Note 6)	2,259	—
Administration:		
Acquisition of fixed assets (Note 5)	707	3,729
Salaries and employee benefits	367	408
External consulting services	196	374
Supplies and services	64	55
Other	96	131
Collection and storage operations:		
Occupancy	373	332
Contract services	262	648
Repairs and maintenance	58	91
Other	121	63
	<u>13,788</u>	<u>9,386</u>
Excess of revenue over expenditure	5,562	675
Retained earnings at beginning of year	3,803	3,128
Retained earnings at end of year	<u>\$ 9,365</u>	<u>\$ 3,803</u>

ALBERTA SPECIAL WASTE MANAGEMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Special Waste Management Corporation operates under the authority of the Special Waste Management Act, Chapter S-21.5, Statutes of Alberta 1982.

Note 2 Significant Accounting Policies and Reporting Practices

- a) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:
 - (i) the cost of fixed assets is expensed in the year of acquisition. Fixed assets are also shown on the balance sheet at cost with a corresponding credit to equity in fixed assets.
 - (ii) the investment relating to participation in the joint venture is expensed in the year incurred but is also included on the balance sheet as investment in joint venture with a corresponding credit to equity in joint venture.
- b) The investment in the joint venture is recorded at cost which is represented by the net contributions of the Corporation to the joint venture.
- c) A statement of changes in financial position has not been provided as disclosure in these financial statements is considered to be adequate.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta.

Note 4 Investment in Joint Venture

The Corporation has a 40% interest in a joint venture to establish, own, operate and maintain a part of the Alberta special waste management system. The investment in the joint venture is summarized hereunder:

	1987	1986
	(thousands of dollars)	
Balance at beginning of year	\$ 3,555	\$ —
Investment	9,285	3,555
Balance at end of year	<u>\$12,840</u>	<u>\$3,555</u>

Note 5 Fixed Assets

Fixed assets consist of the following:

	Balance March 31, 1987	Additions During Year	Balance March 31, 1987
	(thousands of dollars)		
Swan Hills Facility:			
Access road	\$2,738	\$420	\$3,158
Utilities	1,043	124	1,167
Deep well lease	90	—	90
Land	74	—	74
	<u>3,945</u>	<u>544</u>	<u>4,489</u>
Furniture and equipment	69	5	74
Leasehold improvements	25	158	183
	<u>\$4,039</u>	<u>\$707</u>	<u>\$4,746</u>

Note 6 Contributions to Operations, Net

Under the terms of the joint venture agreement, the Corporation agrees to pay an amount which provides the joint venture's partners an agreed rate of return. The Corporation's share of this amount is netted against the contributions.

Note 7 Guarantee

The Corporation and its joint venture partner have jointly and severally guaranteed payments of the joint venture arising from sub-leases of certain properties from two separate corporations. The total amount of the guarantees is approximately \$7 million.

Note 8 Administration Expenses

Head office premises and basic office furnishings are provided by the Province of Alberta. These assets and certain administrative services are provided at no charge and accordingly are not reflected in these financial statements.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements have been approved by the Members of the Corporation.

ENVIRONMENT COUNCIL OF ALBERTA
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Statement of Equity in Fixed Assets
Notes to the Financial Statements

AUDITOR'S REPORT

To the Chief Executive Officer of the
Environment Council of Alberta

I have examined the balance sheet of the Environment Council of Alberta as at March 31, 1987 and the statements of revenue, expenditure and unexpended funds and equity in fixed assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Council as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
August 28, 1987

VINCIAL CORPORATIONS

ENVIRONMENT COUNCIL OF ALBERTA
BALANCE SHEET
AS AT MARCH 31, 1987

	1987	1986
ASSETS		
Current:		
Cash	\$336,402	\$243,880
Contributions receivable, Province of Alberta	—	117,000
Prepaid expenses	7,619	6,707
	<u>344,021</u>	<u>367,587</u>
Fixed:		
Office equipment, at cost	142,207	125,819
Less: Accumulated depreciation	119,543	98,166
	<u>22,664</u>	<u>27,653</u>
	<u>\$366,685</u>	<u>\$395,240</u>
LIABILITIES AND EQUITY		
Current:		
Accounts payable	\$ 6,927	\$ 26,124
Equity:		
Equity in fixed assets	22,664	27,653
Unexpended funds	337,094	341,463
	<u>359,758</u>	<u>369,116</u>
	<u>\$366,685</u>	<u>\$395,240</u>

The accompanying notes are part
of these financial statements.

ENVIRONMENT COUNCIL OF ALBERTA
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Revenue:		
Contributions by the Province of Alberta, General Revenue Fund	<u>\$1,236,591</u>	<u>\$1,174,721</u>
Expenditure:		
Salaries	706,906	682,217
Travelling	190,166	137,116
Fees and commissions	88,633	20,024
Employee benefits	80,119	77,282
Printing	34,029	46,892
Equipment rental	32,787	17,805
Office supplies and postage	32,742	29,265
Advertising	24,096	13,141
Equipment purchases	16,388	13,432
Equipment maintenance	16,273	12,413
Library	7,473	7,841
Hall rentals	6,126	874
Telephone	4,785	3,844
Miscellaneous	437	13
	<u>1,240,960</u>	<u>1,061,859</u>
Excess of revenue over expenditure	(4,369)	112,862
Unexpended funds at beginning of year	341,463	228,601
Unexpended funds at end of year	<u>\$ 337,094</u>	<u>\$ 341,463</u>

**ENVIRONMENT COUNCIL OF ALBERTA
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Balance at beginning of year	\$27,653	\$35,195
Add: Office equipment purchased from operations	<u>16,388</u>	<u>13,132</u>
	44,041	48,327
Less: Depreciation for the year	<u>21,377</u>	<u>20,674</u>
Balance at end of year	<u><u>\$22,664</u></u>	<u><u>\$27,653</u></u>

**ENVIRONMENT COUNCIL OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Environment Council of Alberta operates under the authority of the Environment Council Act, Chapter E-13, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with generally accepted accounting principles except that fixed assets are charged to expenditure at date of acquisition. The fixed assets are also shown on the balance sheet at original cost less accumulated depreciation, with a corresponding credit to equity in fixed assets. Depreciation is charged to equity in fixed assets.

Depreciation is provided over the estimated useful life of the assets on the straight-line method at a rate of 33 1/3% for computer equipment and software and 10% for the remaining office equipment.

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Expenses

Office furniture and accommodation are provided to the Council at no cost by the Province of Alberta, General Revenue Fund and accordingly are not reflected in these financial statements.

Note 4 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

ENERGY RESOURCES CONSERVATION BOARD
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue Surplus - General Funds
Statement of Restricted Fund Transactions
Statement of Equity in Fixed Assets
Statement of Revenue and Expenditure - Oil and Gas Operations
Statement of Revenue and Expenditure - Coal, Hydro and Electric
 Energy Operations
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Energy
Resources Conservation Board

I have examined the balance sheet of the Energy Resources Conservation Board as at March 31, 1987 and the statements of revenue surplus - general funds, restricted fund transactions, equity in fixed assets, revenue and expenditure-oil and gas operations and revenue and expenditure-coal, hydro and electric energy operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 31, 1987

**ENERGY RESOURCES CONSERVATION BOARD
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
GENERAL FUNDS		
Current:		
Cash and short-term deposits	\$ 9,768,696	\$ 8,085,822
Accounts receivable	786,439	961,761
Prepaid expenses	<u>526,425</u>	<u>510,132</u>
	11,081,560	9,557,715
Fixed assets, at cost	11,531,643	8,829,797
	<u>22,613,203</u>	<u>18,387,512</u>
RESTRICTED FUNDS (Note 3)		
Current:		
Cash and short-term deposits	1,207,306	1,036,148
Accrued interest receivable	<u>47,835</u>	<u>47,619</u>
	1,255,141	1,083,767
	<u>\$23,868,344</u>	<u>\$19,471,279</u>
LIABILITIES AND SURPLUS		
GENERAL FUNDS		
Current:		
Accounts payable	\$ 1,664,572	\$ 2,569,727
Unexpended capital (Note 4)	3,605,126	—
Revenue surplus	2,247,634	3,672,125
Well abandonment reserve (Note 5)	3,564,228	3,315,863
Equity in fixed assets	<u>11,531,643</u>	<u>8,829,797</u>
	22,613,203	18,387,512
RESTRICTED FUNDS (Note 3)		
Balance	1,255,141	1,083,767
	<u>\$23,868,344</u>	<u>\$19,471,279</u>

The accompanying notes are part
of these financial statements.

PROVINCIAL CORPORATIONS

**ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF REVENUE SURPLUS - GENERAL FUNDS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Revenue surplus at beginning of year	<u>\$ 3,672,125</u>	<u>\$ 8,201,506</u>
Add:		
Surplus (deficit) for the year:		
Oil and gas operations	(976,317)	(1,311,460)
Coal, hydro and electric energy operations	(199,809)	97,942
	<u>(1,176,126)</u>	<u>(1,213,518)</u>
	<u>2,495,999</u>	<u>6,987,988</u>
Less:		
Appropriation to reserve (Note 5)	248,365	3,315,863
Revenue surplus at end of year	<u>\$ 2,247,634</u>	<u>\$ 3,672,125</u>

**ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF RESTRICTED FUND TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 1987**

Management Retiring Allowance Plan (Note 3)

	1987	1986
Balance at beginning of year	\$1,083,767	\$ 876,512
Add:		
Contributions	119,171	105,473
Interest	104,082	101,782
	<u>1,307,020</u>	<u>1,083,767</u>
Deduct:		
Expenditure	51,879	—
Balance at end of year	<u>\$1,255,141</u>	<u>\$1,083,767</u>

**ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Balance at beginning of year	\$ 8,829,797	\$7,216,983
Acquisitions:		
General	1,585,154	2,144,953
Petroleum Industry Training Centre (Note 4)	<u>1,635,700</u>	<u>—</u>
	<u>12,050,651</u>	<u>9,361,936</u>
Disposals	(519,008)	(532,139)
Balance at end of year	<u>\$11,531,643</u>	<u>\$8,829,797</u>
Represented by:		
Automobiles	\$ 1,510,743	\$1,303,775
Furniture and equipment	7,312,678	6,453,500
'Energieum'	1,072,522	1,072,522
Petroleum Industry Training Centre	<u>1,635,700</u>	<u>—</u>
	<u>\$11,531,643</u>	<u>\$8,829,797</u>

ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF REVENUE AND EXPENDITURE - OIL AND GAS OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
Revenue:		
Well administration fees	\$20,012,482	\$18,490,959
Contribution from the Province of Alberta	18,854,000	18,340,000
Contributions re Petroleum Industry		
Training Centre (Note 4)	1,635,700	—
Information services	1,549,657	1,341,377
Interest	1,310,359	1,662,128
Core research centre	986,392	1,002,835
Drilling licences	769,125	2,174,305
Pipeline	557,240	678,675
Miscellaneous	227,297	162,020
	<u>45,902,252</u>	<u>43,852,299</u>
Expenditure:		
Salaries and employee benefits	29,284,358	28,079,045
Building rent, improvements and maintenance	5,141,154	5,690,693
Equipment rental and maintenance	3,949,002	3,599,102
Fixed assets	3,288,233	2,422,045
Studies and research	1,009,785	903,535
Travel and automobile	941,884	1,021,837
Office and field supplies	763,980	814,610
Professional fees	579,419	753,455
Telephone and telegraph	382,137	226,953
Courses, memberships and conferences	361,599	440,364
Postage and deliveries	291,318	295,809
Publications and periodicals	196,001	163,869
Printing and reproduction	173,091	219,837
Board hearings	142,684	167,705
Well abandonment	133,909	14,533
Staff transfers and recruitment	35,206	189,419
Sundry	204,809	160,948
	<u>46,878,569</u>	<u>45,163,759</u>
Surplus (deficit) for the year	<u><u>\$ (976,317)</u></u>	<u><u>\$ (1,311,460)</u></u>

VINCIAL CORPORATIONS

**ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF REVENUE AND EXPENDITURE -
COAL, HYDRO AND ELECTRIC ENERGY OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Revenue:		
Contributions from the Province of Alberta	\$2,400,000	\$2,625,000
Other	<u>15,977</u>	<u>28,011</u>
	<u>2,415,977</u>	<u>2,653,011</u>
Expenditure:		
Salaries and employee benefits	1,920,281	1,881,358
Building rent, improvements and maintenance	353,513	382,307
Equipment rental and maintenance	138,629	137,317
Office and field supplies	47,675	47,174
Travel and automobile	29,973	17,878
Postage and deliveries	24,805	25,177
Telephone and telegraph	23,991	1,818
Courses, memberships and conferences	21,876	20,572
Printing and reproduction	20,412	20,871
Fixed assets	9,262	2,967
Board hearings	8,180	1,382
Publications and periodicals	1,425	3,322
Sundry	<u>15,764</u>	<u>12,926</u>
	<u>2,615,786</u>	<u>2,555,069</u>
Surplus (deficit) for the year	<u>\$ (199,809)</u>	<u>\$ 97,942</u>

ENERGY RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Energy Resources Conservation Board operates under the authority of the Energy Resources Conservation Act, Chapter E-11, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

General

These financial statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to operations in the year of acquisition. Notwithstanding this policy, however, the balance sheet also shows, for information purposes, the cumulative amount of such expenditures in respect of all fixed assets presently owned with a corresponding credit shown as equity in fixed assets.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Restricted Funds - Management Retiring Allowance Plan

The Board has established a management retiring allowance plan for certain management staff who are unable to participate in the Public Service Management Pension Plan. The plan is funded by annual contributions from the Board and interest thereon. The Board has no liability beyond making the annual contributions to the plan.

Note 4 Unexpended Capital

During the year, the Board received funding from the Province of Alberta and industry for the construction of a centre for petroleum industry pre-employment training (Petroleum Industry Training Centre). The total cost of the centre has been estimated at \$6,500,000 and will be shared equally by the Province and industry. Expenditures incurred to March 31, 1987 of \$1,635,700 have been reflected as fixed assets and the balance of the funds received, including interest thereon, as unexpended capital. The Centre, when completed, will be leased to and operated by the Petroleum Industry Training Service.

Note 5 Well Abandonment Reserve

The well abandonment reserve is used to pay for costs associated with wells that have been abandoned in a condition that does not satisfy the Board's requirements and where the licensee cannot be located.

Note 6 Lease Commitment

The Board leases office premises and office machines and equipment with lease terms ranging up to twenty years. The future minimum lease payments for each of the five succeeding years are as follows:

1988	\$4,789,659
1989	4,630,051
1990	4,614,877
1991	4,353,839
1992	4,298,686

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

THE WILD ROSE FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report

Balance Sheet

Statement of Revenue, Expenditure and Surplus

Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The Wild Rose Foundation

I have examined the balance sheet of The Wild Rose Foundation as at March 31, 1987 and the statement of revenue, expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
May 8, 1987

**THE WILD ROSE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
	ASSETS	
GENERAL FUND:		
Current asset:		
Cash (Note 4)	\$ 654,254	\$1,190,587
Furniture and equipment (Note 5)	10,599	9,546
Total general fund	<u>664,853</u>	<u>1,200,133</u>
ENDOWMENT FUND: (Note 6)		
Cash (Note 4)	4,500,000	4,500,000
	<u>\$5,164,853</u>	<u>\$5,700,133</u>
LIABILITIES AND EQUITY		
GENERAL FUND:		
Current liabilities:		
Grants payable (Notes 2(a) and 7)	\$ 226,770	\$ 582,320
Accounts payable	5,469	3,503
	<u>232,239</u>	<u>585,823</u>
Equity:		
Surplus	432,614	614,310
Total general fund	<u>664,853</u>	<u>1,200,133</u>
ENDOWMENT FUND:		
Equity	4,500,000	4,500,000
	<u>\$5,164,853</u>	<u>\$5,700,133</u>

The accompanying notes are part
of these financial statements.

PROVINCIAL CORPORATIONS

THE WILD ROSE FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
REVENUE		
Western Canada Lottery Alberta Division	\$1,250,000	\$1,000,000
Interest	<u>483,095</u>	<u>555,591</u>
	<u>1,733,095</u>	<u>1,555,591</u>
EXPENDITURE		
Grants (Notes 2(a) and 7)	1,700,965	1,765,385
Administrative:		
Personnel	102,504	103,423
Members	38,045	31,093
Office	36,753	35,758
Occupancy	18,163	7,381
Advertising and publications	10,079	26,246
Consultants	6,340	2,685
Depreciation	1,942	1,325
	<u>213,826</u>	<u>207,911</u>
Total expenditure	1,914,791	1,973,296
Excess of expenditure over revenue	(181,696)	(417,705)
Surplus at beginning of year	<u>614,310</u>	<u>1,032,015</u>
Surplus at end of year	<u>\$ 432,614</u>	<u>\$ 614,310</u>

**THE WILD ROSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

- Note 1 Authority
The Wild Rose Foundation operates under the authority of the Wild Rose Foundation Act, Chapter W-7.8, Statutes of Alberta 1984.
Section 3 of the Wild Rose Foundation Act and a Ministerial regulation pursuant to section 6(2) caused certain interpretive difficulties for the Members of the Foundation. This legislation places certain constraints on the eligibility of projects for funding. In respect of the Members' interpretation, it is possible the resultant administrative policies may not be in strict accordance with the legislation. The Minister responsible for The Wild Rose Foundation has been notified.
- Note 2 Significant Accounting Policies
(a) Grants Payable:
Liabilities are recorded for grants payable only when all conditions required to qualify for the grants have been met by the grant recipients. (See Note 7)
(b) Depreciation:
Depreciation of furniture and equipment is recorded annually using the straight-line method at 15% of original cost.
(c) Changes in Financial Position:
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Purpose of the Foundation
The purpose of the Foundation is to provide funding to volunteer non-profit organizations that provide necessary and valuable community services to Albertans, provided these organizations are not eligible to receive funding from other specified sources.
- Note 4 Cash /
Cash consists of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta. Interest is earned on the daily balance in the Fund at the average rate of interest earned on Fund investments.
- Note 5 Furniture and Equipment
- | | <u>1987</u> | <u>1986</u> |
|----------------------------------|------------------------|------------------------|
| Furniture and equipment, at cost | \$13,865 | \$10,871 |
| Less: Accumulated depreciation | <u>3,266</u> | <u>1,325</u> |
| | <u><u>\$10,599</u></u> | <u><u>\$ 9,546</u></u> |
- Note 6 Endowment Fund
The initial contribution of \$4,500,000 received from the Western Canada Lottery Alberta Division is being held in an endowment fund; the interest earned thereon is recorded as revenue. This endowment fund is not available to The Wild Rose Foundation for use in its normal operations unless approved by the Minister.
- Note 7 Commitments
As at March 31, 1987, the Foundation had commitments totalling \$97,080 in respect of grants approved where certain conditions were still to be met by the applicants. These commitments are not recorded as liabilities as at March 31, 1987. (See Note 2(a))
The Foundation is committed to monthly lease payments of approximately \$2,300 until December 31, 1989 for office accommodation.
- Note 8 Contingent Liability
The Foundation is involved in a legal proceeding in which a claim for wrongful dismissal has been filed against the Foundation. This claim has not been reflected in the financial statements. It is not expected that this claim will result in a material loss to the Foundation.
- Note 9 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 10 Approval of Financial Statements
These financial statements have been approved by management and Members of the Foundation.

ALBERTA URBAN HOSPITALS PROJECT MANAGEMENT LTD.
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Hospitals and Medical Care

I have examined the balance sheet of Alberta Urban Hospitals Project Management Ltd. as at March 31, 1987 and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the company as at March 31, 1987 and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
May 12, 1987

ALBERTA URBAN HOSPITALS PROJECT MANAGEMENT LTD.
BALANCE SHEET
AS AT MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Cash	<u>\$1,562,539</u>	<u>\$611,515</u>
LIABILITIES AND EQUITY		
Current:		
Due to the Province of Alberta, Department of Hospitals and Medical Care	\$1,562,538	\$611,514
Share Capital:		
Authorized: 20,000 Class A common shares without nominal or par value		
Issued: 1 Class A common share	<u>1</u>	<u>1</u>
	<u>\$1,562,539</u>	<u>\$611,515</u>

The accompanying notes are part
of these financial statements.

ALBERTA URBAN HOSPITALS PROJECT MANAGEMENT LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
Cash received:		
Department of Hospitals and Medical Care	<u>\$57,027,000</u>	<u>\$58,104,000</u>
Project expenditure:		
Construction	45,117,591	51,358,519
Equipment	7,625,934	2,902,193
Consultants	1,746,538	2,036,013
Administration	1,585,913	1,423,207
	<u>56,075,976</u>	<u>57,719,932</u>
Increase in cash during year	951,024	384,068
Cash at beginning of year	611,515	227,447
Cash at end of year	<u>\$ 1,562,539</u>	<u>\$ 611,515</u>

ALBERTA URBAN HOSPITALS PROJECT MANAGEMENT LTD.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The company is incorporated under the Alberta Business Corporations Act. The only share issued by the company is held in trust for the Minister of Hospitals and Medical Care. The Minister has established an Urban Hospitals Project Committee to oversee, co-ordinate and arrange the planning, designing, constructing, equipping and commissioning of two major urban hospitals.

Note 2 Scope of Operations

The sole business of the company is to make payments with respect to the design, construction, equipping and commissioning of two acute care hospitals, one in Edmonton and another in Calgary. Upon completion of this project, the company is to be wound up. Assets acquired as a result of expenditures made by the company are the property of the Minister of Hospitals and Medical Care.

Note 3 Significant Accounting Policies

In the statement of changes in financial position, project expenditure represents cash payments made by the company. Liabilities for accrued expenses are not reflected in these financial statements as payments made by the company for construction and equipment are based on contracts between the Minister of Hospitals and Medical Care and the suppliers.

Note 4 Approval of Financial Statements

These financial statements were approved by the Urban Hospitals Project Committee.

ALBERTA MORTGAGE AND HOUSING CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report

Corporate Account

Balance Sheet
Statement of Revenue, Expenditure and Deficit
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Investments
Schedule of Long-Term Debt
Schedule of Administration Expenses

Mortgage Insurance Fund

Balance Sheet
Statement of Revenue, Expenditure and Deficit
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Mortgage and Housing Corporation

I have examined the balance sheets of the Corporate Account and the Mortgage Insurance Fund of the Alberta Mortgage and Housing Corporation as at March 31, 1987 and the related statements of revenue, expenditure and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements of the Corporate Account and the Mortgage Insurance Fund applied, after giving retroactive effect to the change in the accounting for the value of investments in land programs and recognition of income on land program projects as described in Note 3 to the financial statements of the Corporate Account, on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 31, 1987

VINCIAL CORPORATIONS

**ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)**

	<u>1987</u>	<u>1986</u>
ASSETS		
Cash	\$ 5,069	\$ 214
Accounts receivable	15,611	9,760
Agreements receivable:		
Province of Alberta	4,604	4,731
Other	6,416	9,398
Due from Mortgage Insurance Fund	226,046	221,697
Investments (Schedule 1) (Note 4)	<u>3,639,317</u>	<u>3,810,408</u>
	<u>\$3,897,063</u>	<u>\$4,056,208</u>
LIABILITIES		
Accounts and holdbacks payable	\$ 17,710	\$ 12,965
Accrued interest payable	173,315	201,473
Short-term notes payable (Note 5)	4,986	36,878
Due to the Province of Alberta	16,148	37,370
Property tax deposits on mortgages	26,772	27,978
Advance from the Province of Alberta (Note 6)	290,833	290,833
Long-term debt (Schedule 2)	<u>3,530,799</u>	<u>3,532,211</u>
	<u>4,060,563</u>	<u>4,139,708</u>
Deficit (Note 8)	<u>(163,500)</u>	<u>(83,500)</u>
	<u>\$3,897,063</u>	<u>\$4,056,208</u>

The accompanying notes are part
of these financial statements.

**ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987**
(thousands of dollars)

	1987	1986
REVENUE		
Interest income:		
Mortgages and loans (Note 7)	\$244,022	\$275,696
Bank and other	1,533	2,697
Housing Program Rentals	11,617	12,481
Sales:		
Lots (Note 3)	8,717	11,525
Housing units	1,406	1,194
Other revenue	1,382	1,123
	<u>268,677</u>	<u>304,716</u>
EXPENDITURE		
Interest expense	418,939	461,698
Written down in value of land (Note 3)	80,000	81,000
Deficit transferred from the Mortgage Insurance Fund	46,185	49,179
Administration expenses (Schedule 3)	25,522	27,601
Amortization of housing program investments	9,148	7,556
Cost of sales:		
Lots (Note 3)	7,664	7,990
Housing units	1,656	1,666
Housing program expenses	5,506	5,266
Grants and subsidies	4,983	4,465
Development costs written off (recovered) on abandoned projects	346	(127)
	<u>599,949</u>	<u>646,294</u>
Less: Recoveries		
- Canada Mortgage and Housing Corporation	47,352	44,500
- Municipalities	3,636	3,464
- Interest allocation to projects under construction	1,683	1,978
- Other	4,942	4,259
	<u>57,613</u>	<u>54,201</u>
	<u>542,336</u>	<u>592,093</u>
Excess of expenditure over revenue for the year	273,659	287,377
Contribution by the Province of Alberta	<u>193,659</u>	<u>206,377</u>
Deficit for the year	80,000	81,000
Deficit at beginning of the year	83,500	2,500
Deficit at end of the year (Note 8)	<u>\$163,500</u>	<u>\$ 83,500</u>

VINCIAL CORPORATIONS

**ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**
(thousands of dollars)

	<u>1987</u>	<u>1986</u>
Operating transactions:		
Excess of expenditure over revenue	\$(273,659)	\$(287,377)
Non-cash items:		
Cost of sales:		
Lots	7,664	7,990
Housing units	1,656	1,666
Writtenown in value of land	80,000	81,000
Amortization of housing program investments	9,148	7,556
Amortization of short-term notes	1,534	11,832
	<u>(173,657)</u>	<u>(177,333)</u>
Operating advances received from the		
Province of Alberta	208,007	242,351
Repayment of operating advances	(35,570)	(27,377)
Increase in amount due from the		
Mortgage Insurance Fund	(4,349)	(136,775)
Decrease in other liabilities	(24,618)	(10,111)
(Increase) decrease in other assets	(2,743)	456
Cash applied to operations	<u>(32,930)</u>	<u>(108,789)</u>
Investing transactions:		
Net decrease in mortgages and loans receivable	137,132	187,971
Investment in land and housing programs	<u>(64,509)</u>	<u>(25,923)</u>
Cash provided by investing transactions	<u>72,623</u>	<u>162,048</u>
Financing transactions:		
Short-term notes issued	281,127	656,855
Repayment of short-term notes	(314,553)	(722,356)
Mortgages assumed	—	337
Repayment of advance to the Province of Alberta	—	(20,667)
Debentures issued - Province of Alberta	188,000	185,000
Repayment of long-term debt	<u>(189,412)</u>	<u>(180,885)</u>
Cash applied to financing transactions	<u>(34,838)</u>	<u>(81,716)</u>
Net increase (decrease) in cash	4,855	(28,457)
Cash at beginning of the year	214	28,671
Cash at end of the year	<u>\$ 5,069</u>	<u>\$ 214</u>

**ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Mortgage and Housing Corporation operates under the authority of the Alberta Mortgage and Housing Corporation Act, Chapter A-32.5, Statutes of Alberta 1984, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

- (a) The investment in housing programs is not depreciated but is amortized at the rate equal to the redemption of the long-term debt financing the programs.
- (b) Purchases of fixed assets used for administration purposes are charged to operations in the year of purchase.

(ii) Other significant accounting policies are as follows:

- (a) Valuation of investments

(i) Land programs

Land is stated at cost. Where there has been a decline in value of land that is of an enduring nature, the land value is written down to net realizable value which is deemed to be the new cost.

(ii) Housing programs

Investment in housing programs is stated at cost less amortization. (See Note 2(1)(a))

(iii) Mortgages and loans receivable

Mortgages and loans receivable are stated at cost, which includes amounts advanced, interest capitalized and accrued, taxes and other charges, less repayments and direct subsidies applied.

No provision is made in the Corporate Account for loss on loans due to default by borrowers since the loss is provided for in the Mortgage Insurance Fund or the loans are guaranteed by the Government of Canada or by the Province of Alberta

(b) Consolidation

The financial statements of the Mortgage Insurance Fund have not been consolidated with these financial statements as, in the opinion of management, consolidation would not result in a more informative presentation.

(c) Management agencies

A substantial number of properties owned by the Corporation are managed by non-profit organizations, acting as agents of the Corporation. The operating deficits and the operating surpluses of these properties, are aggregated and recorded net by the Corporation on the statement of revenue and expenditure as grants and subsidies expenditure.

(d) Recoveries

Contributions from Canada Mortgage and Housing Corporation and municipalities in accordance with housing program cost sharing agreements are reported in aggregate, as a deduction from expenditure, on the statement of revenue and expenditure.

(e) Capitalization of expenses

Interest costs, relating to the financing of projects under construction, are capitalized and form part of the cost of the investment in those projects.

Overhead expenses and local improvement taxes relating to projects under construction and land held under the land programs, are capitalized and form part of the cost of the investments.

Note 3 Change in Accounting Policy - Land Programs

(a) During the year the Corporation changed its accounting policy from providing for declines in value of an enduring nature in the investment in land programs, to writing down the investment in land programs to recognize such losses.

This change in accounting policy, which has been applied retroactively, has no effect on the net investment in land programs or on the deficit.

VINCIAL CORPORATIONS

- (b) During the year, the Corporation changed its accounting policy from not recognizing a gain or loss on a lot sale until all lots within a project were sold, to recognizing a gain or loss following each individual lot sale.

This change in accounting policy, which has been applied retroactively, results in an increase in the cost of lot sales, excess of expenditure over revenue and contribution by the Province of Alberta of \$306,000 for the year ended March 31, 1987. For the year ended March 31, 1986 the change in accounting policy resulted in a decrease in cost of lot sales, excess of expenditure over revenue and contribution by the Province of Alberta of \$404,000. Also, investment in land programs and the amount due to the Province of Alberta were increased by \$1,494,000 and \$1,800,000 for the year ends March 31, 1987 and March 31, 1986 respectively.

Since the cumulative reduction in the excess of expenditure over revenue resulting from this change is repayable to the Province of Alberta, the deficit at March 31, 1987 and March 31, 1986 is not affected.

Note 4 Investments

- (a) Land programs

This represents land acquired for future development and sale by the Corporation and land acquired under land banking and development agreements with municipalities.

- (b) Housing programs

This represents land, buildings, furniture, fixtures, and equipment acquired and utilized in the delivery of housing programs.

- (c) Mortgages and loans receivable

This represents balances outstanding under the lending programs.

Note 5 Short-term Notes Payable

Short-term notes payable are held by the Alberta Provincial Corporation Loan Fund and mature within one year.

Note 6 Advance from the Province of Alberta

In March 1984, the Corporation received an interest free advance in the amount of \$318,000,000, which is repayable on demand, from the General Revenue Fund of the Province of Alberta of which \$278,880,000 was used to redeem long-term debt. The amount outstanding at March 31, 1987 is \$290,833,000 (1986 \$290,833,000).

Note 7 Mortgage Subsidies

The mortgage interest income figure is shown net of the following mortgage subsidies:

	Interest Renegoti- ation Subsidies	Interest Rate Subsidies	Direct Subsidies	Total Subsidies	
	(a)	(b)	(c)		
Home-ownership programs	\$ 14,712	\$ 6,587	\$ 7,665	\$ 28,964	\$ 45,115
Rental programs	8,745	42,226	25,057	76,028	77,981
Land programs	—	153	7	160	153
	<u>\$ 23,457</u>	<u>\$ 48,966</u>	<u>\$ 32,729</u>	<u>\$105,152</u>	<u>\$123,249</u>

- (a) Interest Renegotiation Subsidies

Interest renegotiation subsidies arise from the Corporation's offers, made in previous years, to write-down the interest rate on its mortgage portfolio to 12.5% from the rate specified in the mortgage document. In part, this indirect subsidy resulted in a decrease in direct subsidies.

- (b) Interest Rate Subsidies

The Corporation normally provides mortgage financing at or near prevailing mortgage interest rates, however, during certain periods of time and under certain lending programs, mortgages have been provided at lower rates. The calculation of interest rate subsidies is based on the difference between the prevailing interest rate (the lowest five years National Housing Act rate available from five specified chartered banks) at the date the mortgage is issued and the reduced rate stipulated in the mortgage agreement applied to the monthly balance. In part, this indirect subsidy resulted in a decrease in direct subsidies.

- (c) Direct Subsidies

The Corporation subsidizes mortgages by providing mortgage payment reductions based on the income level of the mortgagor. The calculation of the mortgage payment subsidies is based on the amounts stipulated in the mortgage reduction agreements.

The direct subsidies also include \$17,300,000 that was applied to the Core Housing Incentive and Modest Apartment Rental Program mortgages as a result of a restructure agreement implemented on May 1, 1986. These subsidies can reduce the effective interest rate to 6%.

Note 8 Deficit

Pursuant to section 14 of the Act, the operating deficit of the Corporation is paid out of monies voted by the Alberta Legislature. Effective June 5, 1985, as a result of an amendment to the Act, the Provincial Treasurer may exclude from the operating deficit all or any part of an expenditure in respect of a decline in the value of assets of the Corporation. This has resulted in the Corporation retaining a deficit of \$163,500,000 (1986 \$83,500,000) in the Corporate Account at March 31, 1987.

Note 9 Commitments and Contractual Obligations

The Corporation has commitments totalling \$10,156,000 (1986 \$11,195,000) with respect to unadvanced amounts on approved mortgages and loans, as well as contractual obligations with respect to investment in projects in the amount of \$9,165,000 (1986 \$10,830,000).

Note 10 Contingent Liabilities

The Corporation is involved in a number of legal proceedings. Claims against the Corporation in these proceedings, which have not been reflected in the financial statements, amount to \$5,700,000 (1986 \$5,780,000). While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that the disposition of these cases will not have a materially adverse effect on the financial position of the Corporation. Any settlement would be a charge to income in the year the settlement occurs.

Note 11 Comparative Figures

The 1986 figures have been restated where necessary to conform to 1987 presentation.

Note 12 Approval of Financial Statements

These financial statements have been prepared and approved by management.

ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT MARCH 31, 1987
(thousands of dollars)

	<u>1987</u>	<u>1986</u>
Land Programs	\$ 125,775	\$ 207,388
Housing Programs		
Senior citizens' self contained	607,525	597,729
Community housing	338,328	291,526
Senior citizens' lodges	124,962	123,257
Industrial and mobile home parks	52,763	52,784
Provincial staff housing	23,077	23,792
Other	20,485	21,251
	1,167,140	1,110,339
Less: Amortization	58,988	49,840
	1,108,152	1,060,499
Mortgages and Loans Receivable		
Home-ownership	1,029,762	1,181,539
Rental	1,252,983	1,248,211
Land	122,645	112,771
	2,405,390	2,542,521
	\$3,639,317	\$3,810,408

**ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
SCHEDULE OF LONG-TERM DEBT
AS AT MARCH 31, 1987
(thousands of dollars)**

Particulars	Year of Maturity	Weighted Average Interest Rate %	Principal Outstanding	
			1987	1986
Debentures payable				
- Province of Alberta (1)	1988	11.15	\$ 31,781	\$ 48,303
	1989	12.95	77,667	99,986
	1990	11.34	229,735	275,539
	1991	11.57	124,396	110,725
	1992	9.95	31,467	34,441
	1993	11.85	101,682	109,701
	1994	9.57	37,194	77,515
	1995	15.13	56,338	41,505
	1997	14.57	61,567	63,958
	2001	9.83	420,860	428,766
	2002	14.27	236,946	312,984
	2003	12.54	303,569	308,980
	2004	14.01	77,696	78,712
	2005	8.95	76,009	80,000
	2006	9.52	503,580	361,568
	2007	12.39	225,768	168,194
	2008	10.83	108,344	109,640
	2009	10.52	33,052	33,406
	2010	12.77	87,875	88,455
	2011	15.42	173,031	158,638
	2012	15.06	141,314	138,799
	2013	12.53	236,470	237,611
	2015	12.51	19,852	19,930
			<u>3,396,193</u>	<u>3,387,356</u>
- Canada Mortgage and Housing Corporation (2)	1990	8.63	14	18
	1998	5.81	1,859	1,965
	2000	8.00	379	395
	2001	8.00	351	365
	2022	7.85	2,622	2,636
	2023	7.55	8,121	8,219
	2024	7.88	2,756	2,768
	2025	8.03	4,835	4,854
	2026	8.01	15,518	15,576
	2027	9.47	21,993	22,043
	2028	9.97	25,934	25,979
	2029	9.58	21,055	21,093
	2030	9.54	4,624	4,632
			<u>110,061</u>	<u>110,543</u>
- Other (1)	1988	11.17	<u>21,332</u>	<u>30,381</u>
Mortgages and Agreements for sale (3)				
- Province of Alberta	Various		2,628	3,153
- Other	Various		585	778
			<u>3,213</u>	<u>3,931</u>
			<u>\$3,530,799</u>	<u>\$3,532,211</u>

OVINCIAL CORPORATIONS

Notes:

1. Debentures with the Province of Alberta represent the investment of the Alberta Heritage Savings Trust Fund. Debentures with the Province of Alberta and other are at interest rates ranging from 7.57% to 18.05% and are repayable by annual or semi-annual equal installments comprising of principal and interest. Interest rates are redetermined every five years on debentures having an aggregate principal balance outstanding of \$2,540,831,000 (1986 \$2,576,565,000) and annually on debentures having an aggregate principal balance outstanding of \$173,421,000 (1986 \$130,000,000).
2. Debentures with Canada Mortgage and Housing Corporation are at interest rates ranging from 5.75% to 10.0% and are repayable by annual or semi-annual installments comprising principal and interest.
3. Mortgages and agreements for sale are at various interest rates and are repayable by equal monthly or annual installments comprising principal and interest. Mortgages are secured against certain investments in projects.
4. Approximate aggregate principal repayments due in each of the next five years are:

	<u>1987</u>	<u>1986</u>
	(thousands of dollars)	
1986/87	—	170,470
1987/88	198,446	181,567
1988/89	213,492	198,413
1989/90	203,080	190,557
1990/91	183,414	173,214
1991/92	126,479	—

5. The repayment of principal and interest of any borrowings of the Corporation is guaranteed by the Province of Alberta.

Schedule 3

**ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987**
(thousands of dollars)

	<u>1987</u>	<u>1986</u>
Manpower	\$17,511	\$17,838
Services	4,083	4,153
Purchase of fixed assets	1,518	2,026
Travel and communications	1,475	1,592
Materials and supplies	660	762
Staff recruitment, relocation and training	182	279
Staff housing subsidy	21	72
Bad debts expense	14	808
Directors' fees	12	16
Miscellaneous	46	55
	<u>\$25,522</u>	<u>\$27,601</u>

**ALBERTA MORTGAGE AND HOUSING CORPORATION
MORTGAGE INSURANCE FUND
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)**

	<u>1987</u>	<u>1986</u>
ASSETS		
Cash	\$ 8,434	\$ 1,958
Accounts receivable	405	898
Accrued interest receivable	828	1,647
Real estate (Note 3)	218,848	202,323
Investments (Note 4)	<u>37,657</u>	<u>60,437</u>
	<u>\$ 266,172</u>	<u>\$ 267,263</u>
LIABILITIES		
Accounts payable	\$ 1,559	\$ 900
Due to Corporate Account	226,046	221,697
Allowance for loss on claims	360,000	282,296
Unearned premium	<u>9,342</u>	<u>10,555</u>
	<u>596,947</u>	<u>515,448</u>
Deficit (Note 5)	<u>(330,775)</u>	<u>(248,185)</u>
	<u>\$ 266,172</u>	<u>\$ 267,263</u>

The accompanying notes are part
of these financial statements.

VINCIAL CORPORATIONS

**ALBERTA MORTGAGE AND HOUSING CORPORATION
MORTGAGE INSURANCE FUND
STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987**
(thousands of dollars)

	1987	1986
REVENUE		
Rental income	\$ 15,440	\$ 8,319
Investment income	5,688	6,324
Premiums earned	1,990	3,207
Other income	342	238
	<u>23,460</u>	<u>18,088</u>
EXPENDITURE		
Interest expense to Corporate Account	33,518	32,651
Real estate expenses	18,498	15,635
Loss on Mobile Home Loan Insurance program	110	188
Loss on sale of real estate	22,437	6,631
(Decrease) increase in provision for decline in value of real estate	(32)	46,890
Increase (decrease) in provision for loss on claims	<u>77,704</u>	<u>(27,704)</u>
	<u>152,235</u>	<u>74,291</u>
Excess of expenditure over revenue	128,775	56,203
Funded deficit transferred to Corporate Account	<u>46,185</u>	<u>49,179</u>
Deficit for the year	82,590	7,024
Deficit at beginning of the year	<u>248,185</u>	<u>241,161</u>
Deficit at end of the year (Note 5)	<u>\$330,775</u>	<u>\$248,185</u>

ALBERTA MORTGAGE AND HOUSING CORPORATION
MORTGAGE INSURANCE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

	<u>1987</u>	<u>1986</u>
Operating transactions:		
Excess of expenditure over revenue	\$(128,775)	\$ (56,203)
Non-cash items:		
Amortization of discount on investments	(1,730)	(2,742)
Amortization of mortgage insurance premiums	(2,134)	(3,207)
Loss on sale of real estate	22,437	6,631
Increase (decrease) in provision for loss on claims	77,704	(27,704)
(Decrease) increase in provision for decline in value of real estate	(32)	46,890
	<u>(32,530)</u>	<u>(36,335)</u>
Increase in mortgage insurance premiums	921	1,266
Funded deficit transferred to the Corporate Account	46,185	49,179
Decrease (increase) in other assets	1,312	(1,351)
Increase in amount due to the Corporate Account	4,349	136,775
Increase in other liabilities	659	596
Cash provided by operations	<u>20,896</u>	<u>150,130</u>
Investing transactions:		
Real estate acquired upon foreclosure at total claim amount	(97,966)	(161,326)
Mobile Homes acquired upon settlement of claims	(1,228)	(16)
Purchase of investments	(8,324)	(41,316)
Sale and maturity of investments	32,834	36,844
Sale of real estate	60,058	14,806
Sale of mobile homes	206	24
Cash applied to investing transactions	<u>(14,420)</u>	<u>(150,984)</u>
Increase (decrease) in cash	6,476	(854)
Cash at beginning of year	1,958	2,812
Cash at end of the year	<u>\$ 8,434</u>	<u>\$ 1,958</u>

**ALBERTA MORTGAGE AND HOUSING CORPORATION
MORTGAGE INSURANCE FUND ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Mortgage Insurance Fund has been established pursuant to the Alberta Mortgage and Housing Corporation Act ("the Act").

Note 2 Significant Accounting Policies and Reporting Practices

i) These financial statements have been prepared in accordance with generally accepted accounting principles except that buildings designated for rental, held in real estate, are not depreciated.

ii) Other significant accounting policies are as follows:

(a) Allowance for loss on claims

This allowance represents estimated losses on claims in process and claims anticipated on mortgage loans held by the Corporate Account with repayments in arrears by more than 30 days.

For the purposes of determining the allowance, loss on a claim is regarded as the difference between the balance outstanding on the loan, including accrued interest up to the date of foreclosure, and the net realizable value of the mortgaged property.

(b) Premiums

Premiums are charged on all loans issued by the Corporation and Mobile Home Loans issued by approved financial institutions under the Mobile Home Loan Insurance program.

The premiums received are recorded as deferred revenue, and are taken into income using risk factors established by the Government of Canada, Department of Insurance.

(c) Real estate

Real estate consists of properties acquired on settlement of claims and held for sale or rental, and is valued at the lower of cost or net realizable value. Cost comprises the unpaid loan balance, including accrued interest since the last interest compounding date, and holding costs up to the date of possession.

Net realizable value is the market value as appraised by the Corporation less estimated selling expenses. The appraisal is subject to annual review.

(d) Investments

Investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investment.

(e) Administration expenses

Expenses incurred in administering the Fund are borne by the Corporate Account and hence are not reflected in the Fund's statement of revenue and expenditure.

(f) Interest Expense to Corporate Account

A portion of the total interest expense incurred on debentures recorded in the Corporate Account is allocated to the mortgage insurance fund. The interest expense allocated is based on the monthly average debenture interest rate applied to the original loan amount associated with the Real Estate.

Note 3 Real Estate

Real estate is summarized as follows:

	1987			1986
	Real Estate at Cost	Provision for Revaluation	Net	Net
		(thousands of dollars)		
Designated for rental	\$252,607	\$ 84,968	\$167,639	\$158,884
Designated for sale	<u>82,541</u>	<u>31,332</u>	<u>51,209</u>	<u>43,439</u>
	<u>\$335,148</u>	<u>\$116,300</u>	<u>\$218,848</u>	<u>\$202,323</u>
1986 totals	<u>\$318,655</u>	<u>\$116,332</u>		

The provision for revaluation represents the excess of cost over net realizable value.

Note 4 Investments

Investments are summarized as follows:

	1987 Par Value	1987 Cost	1986 Cost
	(thousands of dollars)		
Treasury bills and coupon notes	\$13,919	\$12,143	\$32,652
Bonds and debentures:			
Government of Canada	22,100	22,516	24,291
Provincial issues, direct and guaranteed	3,000	2,998	3,494
	<u>\$39,019</u>	<u>\$37,657</u>	<u>\$60,437</u>
1986 Par value	<u><u>\$63,769</u></u>		

Approximate market value is \$38,739,000 (1986 \$61,126,000)

Note 5 Deficit

The deficit of the Fund is transferred to the Corporate Account except for amounts representing provisions for decline in value of assets of the Corporation recorded in the Fund and excluded from the operating deficit by the Provincial Treasurer pursuant to section 14 of the Act. The amount so excluded from the operating deficit, is recorded and retained as deficit of the Fund.

Note 6 Insurance in Force

The total amount of loans insured at March 31, 1987 was \$2,330,143,000 (1986 \$2,447,691,000).

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements have been prepared and approved by management.

ALBERTA SPORT COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report

Balance Sheet

Statement of Revenue, Expenditure and Unexpended Funds - Operating

Statement of Revenue, Expenditure and Unexpended Funds - Alberta Olympic Game Plan

Notes to the Financial Statements

Schedule of Technical Development Programs Expenditure - Operating

Schedule of Alberta Games and Competitions Expenditure - Operating

Schedule of Zone Sport Development Programs Expenditure - Operating

Schedule of Public Relations and Promotion Expenditure - Operating

Schedule of Administration Expenditure - Operating

AUDITOR'S REPORT

To the Members of the
Alberta Sport Council

I have examined the balance sheet of the Alberta Sport Council as at March 31, 1987 and statements of revenue, expenditure and unexpended funds - operating and revenue, expenditure and unexpended funds - Alberta Olympic Game Plan for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

In common with similar organizations, the Council derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Council and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditure, assets and unexpended funds.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of revenue from donations as referred to in the preceding paragraph, these financial statements present fairly the financial position of the Council as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
August 28, 1987

**ALBERTA SPORT COUNCIL
BALANCE SHEET
MARCH 31, 1987**

	1987	1986
ASSETS		
Current:		
Cash	\$ 52,124	\$ —
Term deposits and Treasury bills	7,157,332	7,339,764
Accrued interest receivable	293,256	214,889
Accounts receivable	30,830	186,585
Prepaid expenses	17,877	15,470
	<u>7,551,419</u>	<u>7,756,708</u>
Fixed assets (Note 3)	140,310	159,462
	<u>\$7,691,729</u>	<u>\$7,916,170</u>
LIABILITIES AND SURPLUS		
Current:		
Bank overdraft	\$ —	\$ 160,915
Grants and accounts payable	<u>487,595</u>	<u>480,176</u>
	<u>487,595</u>	<u>641,091</u>
Unexpended funds:		
Operating	5,382,995	4,454,112
Alberta Olympic Game Plan (Note 4)	<u>1,821,139</u>	<u>2,820,967</u>
	<u>7,204,134</u>	<u>7,275,079</u>
	<u>\$7,691,729</u>	<u>\$7,916,170</u>

The accompanying notes are part of these financial statements.

**ALBERTA SPORT COUNCIL
STATEMENT OF REVENUE, EXPENDITURE AND
UNEXPENDED FUNDS - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
REVENUE		
Western Canada Lottery Corporation	\$ 6,625,000	\$ 5,462,500
Grants from the Province of Alberta,		
General Revenue Fund	472,300	472,300
Investment income	460,888	401,992
Donations	250,940	236,725
Registration and other fees	37,188	44,778
	<u>7,846,316</u>	<u>6,618,295</u>
EXPENDITURE		
Technical development programs, Schedule 1	4,121,269	3,878,176
Alberta games and competitions, Schedule 2	641,929	1,313,144
Zone sport development programs, Schedule 3	1,331,594	1,180,021
Public relations and promotion, Schedule 4	329,786	238,494
Administration, Schedule 5	492,855	411,369
	<u>6,917,433</u>	<u>7,021,204</u>
Excess of revenue over expenditure	928,883	(402,909)
Unexpended funds at beginning of year	4,454,112	4,857,021
Unexpended funds at end of year	<u>\$5,382,995</u>	<u>\$4,454,112</u>

ALBERTA SPORT COUNCIL
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS -
ALBERTA OLYMPIC GAME PLAN
FOR THE YEAR ENDED MARCH 31, 1987

	REVENUE	1987	1986
Investment income		\$ 210,989	\$ 367,986
EXPENDITURE			
Provincial Olympic winter sport associations		860,921	869,162
Special projects		140,974	75,000
Winter Festival Championships		132,282	917
Program delivery costs:			
Salaries and benefits		58,620	87,611
Travel and committee		18,020	14,766
		<u>1,210,817</u>	<u>1,047,456</u>
Excess of expenditure over revenue		(999,828)	(679,470)
Unexpended funds at beginning of year		<u>2,820,967</u>	<u>3,500,437</u>
Unexpended funds at end of year		<u>\$1,821,139</u>	<u>\$2,820,967</u>

ALBERTA SPORT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Sport Council operates under the authority of the Alberta Sport Council Act, Chapter A37.5, Statutes of Alberta 1983.

Note 2 Significant Accounting Policies and Reporting Practices

Fixed Assets

Fixed assets are recorded at cost with depreciation and amortization provided over the estimated useful life of the assets at rates varying between 20% and 30%. Leasehold improvements are amortized on a straight line basis. Furniture, fixtures and equipment are depreciated on a declining balance basis.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Fixed Assets

Fixed assets are detailed as follows:

	Cost	Depreciation and Amortization	1987 Net	1986 Net
Furniture and fixtures	\$186,365	\$ 88,009	\$ 98,356	\$110,515
Sport equipment	32,921	16,767	16,154	15,127
Leasehold improvements	56,249	30,449	25,800	33,820
	<u>\$275,535</u>	<u>\$135,225</u>	<u>\$140,310</u>	<u>\$159,462</u>

Additions to fixed assets during the year totalled \$31,564 (1986 \$61,309).

- Note 4 Alberta Olympic Game Plan
The Sport Council has been entrusted to administer a fund termed the Alberta Olympic Game Plan. The purpose of the fund is to create an awareness of the Olympic sports, provide enrichment funding to provincial sports associations and to provide opportunities to potential Alberta Olympic athletes, coaches and officials.
- Note 5 Supplies, Services and Accommodation
Accommodations, basic office furnishings and certain other administration costs have been borne by the Province of Alberta, General Revenue Fund and other organizations and are not reflected in these financial statements.
- Note 6 Commitments
The Council has commitments under technical development programs and for the hosting of future Alberta Games in the amount of \$679,355 (1986 \$880,000).
- Note 7 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 8 Approval of Financial Statements
These financial statements were approved by management.

Schedule

ALBERTA SPORT COUNCIL
SCHEDULE OF TECHNICAL DEVELOPMENT PROGRAMS
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Provincial sport associations	\$2,485,803	\$2,279,373
Sport Outreach	547,897	519,187
Multi-sport groups	374,663	417,200
Provincial Innovative Projects	95,955	186,147
Technical development grants	211,081	149,573
Intersport conference	49,914	18,819
Program delivery costs:		
Salaries and benefits	273,055	219,576
Travel and committee	34,607	41,096
Office	48,294	47,205
	<hr/> <u>\$4,121,269</u>	<hr/> <u>\$3,878,176</u>

Schedule

ALBERTA SPORT COUNCIL
SCHEDULE OF ALBERTA GAMES AND COMPETITIONS
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Alberta Games	\$ 380,113	\$1,049,730
Winter festival program	98,771	121,384
Regional Games	13,644	14,700
Program delivery costs:		
Salaries and benefits	109,765	95,482
Travel and committee	39,636	31,848
	<hr/> <u>\$ 641,929</u>	<hr/> <u>\$1,313,144</u>

ALBERTA SPORT COUNCIL
SCHEDULE OF ZONE SPORT DEVELOPMENT PROGRAMS
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Local and regional projects	\$ 886,826	\$ 809,858
Zone intersport	12,772	—
Program delivery costs:		
Salaries and benefits	326,880	269,437
Travel and committee	56,245	51,868
Office expense	48,871	48,858
	<u>\$1,331,594</u>	<u>\$1,180,021</u>

ALBERTA SPORT COUNCIL
SCHEDULE OF PUBLIC RELATIONS AND PROMOTION
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Audio visual and production costs	\$ 133,738	\$ 109,345
Alberta Sport Hall of Fame and Museum	6,680	—
Salaries and benefits	164,263	114,321
Travel and committee	25,105	14,828
	<u>\$ 329,786</u>	<u>\$ 238,494</u>

ALBERTA SPORT COUNCIL
SCHEDULE OF ADMINISTRATION
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Salaries and benefits	\$ 155,666	\$ 146,609
Contractors' fees	78,608	78,129
Professional services	65,733	19,553
Office	72,610	65,959
Depreciation and amortization	50,716	40,754
Travel and committee	69,522	60,365
	<u>\$ 492,855</u>	<u>\$ 411,369</u>

THE RECREATION, PARKS AND WILDLIFE FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements
Schedule of Administrative Expenses

AUDITOR'S REPORT

To the Members of The Recreation, Parks
and Wildlife Foundation

I have examined the balance sheet of The Recreation, Parks and Wildlife Foundation as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

In common with similar organizations, the Foundation derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Foundation and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditure, assets and unexpended funds.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of revenue from donations as referred to in the preceding paragraph, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
September 8, 1987

FINANCIAL CORPORATIONS

THE RECREATION, PARKS AND WILDLIFE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987

	1987	1986
ASSETS		
Current		
Cash	\$2,495,697	\$2,253,530
Accountable advance	10,000	10,000
Accounts receivable	7,385	4,559
	<u>2,513,082</u>	<u>2,268,089</u>
Fixed assets (Note 3)	30,682	24,868
	<u>\$2,543,764</u>	<u>\$2,292,957</u>
LIABILITIES		
Current		
Grants payable	\$ 907,546	\$ 919,740
Accounts payable	2,029	14,320
	<u>909,575</u>	<u>934,060</u>
Unexpended funds (Note 4)	<u>1,634,189</u>	<u>1,358,897</u>
	<u>\$2,543,764</u>	<u>\$2,292,957</u>

The accompanying notes are part
of these financial statements.

THE RECREATION, PARKS AND WILDLIFE FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
REVENUE		
Western Canada Lottery Corporation	\$3,502,538	\$2,762,500
Interest	262,455	281,909
Donations and project funds	60,351	118,360
Grant from the Province of Alberta, General Revenue Fund	83,250	83,250
Endowment funds	<u>—</u>	<u>2,010</u>
	<u>3,908,594</u>	<u>3,248,029</u>
EXPENDITURE		
Grants	3,328,727	4,575,834
Administrative expenses, Schedule 1	304,575	314,914
	<u>3,633,302</u>	<u>4,890,748</u>
Excess of revenue over expenditure	275,292	(1,642,719)
Unexpended funds at beginning of year	1,358,897	3,001,616
Unexpended funds at end of year	<u>\$1,634,189</u>	<u>\$1,358,897</u>

**THE RECREATION, PARKS AND WILDLIFE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Recreation, Parks and Wildlife Foundation operates under the authority of the Recreation, Parks and Wildlife Foundation Act, Chapter R-9, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

Fixed Assets

Fixed assets are recorded at cost less depreciation and amortization. Office furniture and equipment are depreciated on a straight-line basis at rates of 10% and 25% per annum, respectively. Leasehold improvements are amortized over the term of the lease.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Fixed Assets

	1987			1986
	Accumulated Depreciation and Amortization		Net Book Value	Net Book Value
	Cost			
Land	\$ 1	\$ —	\$ 1	\$ 1
Office furniture	31,247	8,995	22,252	16,927
Office equipment	26,325	17,896	8,429	7,940
Leasehold improvements	<u>26,569</u>	<u>26,569</u>	<u>—</u>	<u>—</u>
	<u>\$84,142</u>	<u>\$53,460</u>	<u>\$30,682</u>	<u>\$24,868</u>

Additions to fixed assets during the year totalled \$15,520 (1986 - \$8,258). The Foundation received a donation of land for development as a natural park. Under the terms of the bequest, the land must be developed by 1991 or ownership reverts to the estate of the donor. The land, which was appraised by the donor at \$288,000, is reflected in these financial statements at a nominal value of \$1.

Note 4 Unexpended Funds

Unexpended funds are allocated as follows:

	1987	1986
Expendable funds	\$1,414,880	\$1,134,838
Endowment funds	199,124	199,124
Project funds	20,185	24,935
	<u>\$1,634,189</u>	<u>\$1,358,897</u>

The endowment funds were received from the Alberta Advisory Board on Recreation for the Disabled. Revenue derived from these funds is to be applied to programs previously administered by that organization for a ten year period ending October 1994, after which the funds will become expendable.

Note 5 Supplies, Services and Accommodation

Accommodation, basic office furnishings and certain other administrative costs have been borne by the General Revenue Fund and certain outside organizations and are not reflected in these financial statements.

Note 6 Approval of Financial Statements

The financial statements were approved by management.

THE RECREATION, PARKS AND WILDLIFE FOUNDATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Management fees	\$171,515	\$158,959
Board members' fees and expenses	38,101	41,472
Newsletter	32,681	30,893
Office supplies and expenses	23,143	24,289
Meetings and entertainment	10,250	11,344
Depreciation and amortization	9,706	19,975
Car expenses and parking	3,420	5,064
Printing and advertising	3,263	4,070
Telephone	2,636	3,739
Travel	2,297	6,477
Delivery and transportation	1,988	1,820
Miscellaneous	5,575	6,812
	<u>\$304,575</u>	<u>\$314,914</u>

ALBERTA RACING COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue Surplus
Statement of Revenue and Expenditure - Operations
Statement of Revenue and Expenditure - Development
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Racing Commission

I have examined the balance sheet of the Alberta Racing Commission as at March 31, 1987 and the statements of revenue surplus, revenue and expenditure - operations and revenue and expenditure - development for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 10, 1987

PROVINCIAL CORPORATIONS

**ALBERTA RACING COMMISSION
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Cash (Note 3)	\$ 925,173	\$763,497
Accounts receivable	32,581	3,534
Prepaid expenses	<u>15,376</u>	<u>15,013</u>
	973,130	782,044
Fixed:		
Equipment, at cost	<u>62,247</u>	<u>58,312</u>
	<u>\$1,035,377</u>	<u>\$840,356</u>
LIABILITIES AND EQUITY		
Current:		
Accounts payable (Note 4)	\$ 296,531	\$286,961
Deferred revenue	15,950	10,730
Improvement grant payable	<u>—</u>	<u>26,078</u>
	312,481	323,769
Other:		
Standard-bred Sires Stakes Registration	27,638	26,146
Contributions refundable to the Province of Alberta (Note 4)	<u>—</u>	<u>119,536</u>
	27,638	145,682
Equity:		
Reserves (Note 5)	520,975	230,975
Capital surplus arising from purchase of fixed assets	62,247	58,312
Revenue surplus	<u>112,036</u>	<u>81,618</u>
	695,258	370,905
	<u>\$1,035,377</u>	<u>\$840,356</u>

The accompanying notes are part of these financial statements.

**ALBERTA RACING COMMISSION
STATEMENT OF REVENUE SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Revenue surplus at beginning of year	\$ 81,618	\$ 35,724
Add: Excess of revenue over expenditure for the year - development	320,418	45,894
Less: Transfers to reserves (Note 5)	(290,000)	—
Revenue surplus at end of year	<u>\$112,036</u>	<u>\$ 81,618</u>

**ALBERTA RACING COMMISSION
STATEMENT OF REVENUE AND EXPENDITURE - OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Revenue:		
Contribution by the Province of Alberta	\$ 623,577	\$ 662,359
Assessments, licenses and fines	248,554	193,761
Interest	183,414	179,213
Miscellaneous	<u>2,347</u>	<u>2,538</u>
	<u>1,057,892</u>	<u>1,037,871</u>
Expenditure:		
Administrative salaries	259,538	271,256
Veterinarians' fees	175,782	179,474
Judges' fees	129,606	116,657
Commissioners' honoraria	125,556	124,160
Stewards' fees	121,958	114,101
Travelling	95,183	84,227
Employee benefits	48,195	46,390
Office	30,599	21,214
Hearings and appeals	18,075	12,447
Licensee identification equipment and supplies	18,048	14,138
Human toxicology	10,502	6,300
Security services, equipment and supplies	2,779	5,099
Legal fees	867	5,205
Industry promotion	<u>—</u>	20,000
Miscellaneous	<u>21,204</u>	<u>17,203</u>
	<u>1,057,892</u>	<u>1,037,871</u>
	<u>\$ —</u>	<u>\$ —</u>

**ALBERTA RACING COMMISSION
STATEMENT OF REVENUE AND EXPENDITURE - DEVELOPMENT
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Revenue:		
Contribution by the Province of Alberta	<u>\$6,681,101</u>	<u>\$3,160,241</u>
Expenditure:		
Purse supplements	4,066,695	1,882,976
Breeders' premium	1,923,895	845,597
Grants to operators and associations	328,887	344,330
Equine research	23,151	24,514
Tattooing	<u>18,055</u>	<u>16,930</u>
	<u>6,360,683</u>	<u>3,114,347</u>
Excess of revenue over expenditure	<u>\$ 320,418</u>	<u>\$ 45,894</u>

**ALBERTA RACING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Racing Commission operates under the authority of the Racing Commission Act, Chapter R-1, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices**General**

These financial statements have been prepared in accordance with generally accepted accounting principles except that no depreciation has been provided on fixed assets as purchases are charged to operations in the year of acquisition. Fixed assets are shown on the balance sheet at original cost with the offsetting credit to capital surplus.

Contributions by the Province of Alberta

The Commission receives contributions from a supply vote of the Department of Solicitor General of the Province of Alberta equivalent to 80% (1986 40%) of the Alberta pari-mutuel tax for the previous year. Contributions are allocated firstly to operations and thereafter to development.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Cash

Cash includes deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta as follows:

	<u>1987</u>	<u>1986</u>
Deposit Account - Operations	724,973	563,297
Deposit Account - Revenue Stabilization	200,000	200,000

Note 4 Contributions Refundable to the Province of Alberta

For a number of years contributions by the Province of Alberta were based on estimated total wagering in the Province but were adjusted to actual during 1984-85. This adjustment resulted in \$358,609 being repayable to the Province in three annual installments commencing in 1985-86. The installment payable during the ensuing year, in the amount of \$119,536 (1986 \$119,537), is included in accounts payable.

Note 5 Reserves

The balances and transfers pertaining to reserves appropriated from revenue surplus by resolutions of the Members of the Commission are summarized as follows:

	Balance at beginning of year	Transfers from revenue surplus	Balance at end of year
Revenue Stabilization	\$200,000	\$100,000	\$300,000
Equine Hospital Equipment	30,975	—	30,975
Thoroughbred support	—	47,000	47,000
Harness support	—	100,000	100,000
Community support	—	43,000	43,000
	<u>\$230,975</u>	<u>\$290,000</u>	<u>\$520,975</u>
1986 comparative figures	<u>\$230,975</u>	<u>\$—</u>	<u>\$230,975</u>

Note 6 Administration Expenses

Operations expenditure does not include the cost of certain office accommodation and office furniture which are provided at no cost by the Province of Alberta.

Note 7 Comparative Figures

The 1986 comparative figures have been reclassified where necessary to conform to 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expense and Operating Equity
Statement of Equity in Fixed Assets
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Directors of The Alberta Educational Communications Corporation
and the Members of The Alberta Educational Communications Authority

I have examined the balance sheet of The Alberta Educational Communications Corporation as at March 31, 1987 and the statements of revenue, expense and operating equity, equity in fixed assets and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, after giving retroactive effect to the change in the basis of recording capital grants, unexpended capital grants and depreciation as described in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
June 12, 1987

THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
BALANCE SHEET
MARCH 31, 1987

	1987	1986
ASSETS		
Current:		
Cash	\$ 429,945	\$ 1,101,122
Receivables (Note 4)	282,039	367,718
Inventories	78,628	131,653
Prepaid expenses	5,890	141,492
	<u>796,502</u>	<u>1,741,985</u>
Deferred program costs (Note 5)	1,699,022	1,568,532
Fixed assets (Note 6)	5,436,877	6,621,380
Long-term licences (Note 7)	<u>142,105</u>	<u>299,216</u>
	<u>\$8,074,506</u>	<u>\$10,231,113</u>
LIABILITIES AND EQUITY		
Current:		
Payables and accruals	\$1,591,158	\$ 1,693,946
Unexpended capital grants	619,101	265,931
Deferred revenue	6,767	6,120
Production credits	—	7,440
Advances on production (Note 8)	<u>177,080</u>	<u>131,168</u>
	<u>2,394,106</u>	<u>2,104,605</u>
Long-term payables (Note 5)	113,409	91,597
Equity:		
Operating	130,114	1,413,531
In fixed assets	5,436,877	6,621,380
	<u>5,566,991</u>	<u>8,034,911</u>
	<u>\$8,074,506</u>	<u>\$10,231,113</u>

The accompanying notes are part
of these financial statements.

THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
STATEMENT OF REVENUE, EXPENSE AND OPERATING EQUITY
FOR THE YEAR ENDED MARCH 31, 1987

	1987	1986
Revenue:		
Operating grant from the Province of Alberta	\$15,019,000	\$14,860,000
Direct costs recovered on production of programs	250,460	666,140
Revenue from program sales, video and audio dubbing (Note 10)	738,468	694,283
Interest on cash deposits	239,448	386,015
Corporate underwriting	138,990	13,925
Other	<u>83,159</u>	<u>87,065</u>
	<u>16,469,525</u>	<u>16,707,428</u>
Expense:		
Development and production	8,571,274	7,598,491
Utilization and distribution	5,012,622	5,249,142
Program support	4,169,046	3,983,374
	<u>17,752,942</u>	<u>16,831,007</u>
Excess of expense over revenue	(1,283,417)	(123,579)
Operating equity at beginning of year	1,413,531	1,537,110
Operating equity at end of year	<u>\$ 130,114</u>	<u>\$ 1,413,531</u>

VINCIAL CORPORATIONS

**THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Equity in fixed assets at beginning of year	<u>\$6,621,380</u>	<u>\$6,680,128</u>
Add:		
Unexpended capital grants at beginning of year	265,931	557,014
Capital grant from the Province of Alberta received during year	1,300,000	1,459,000
Unexpended capital grants at end of year	(619,101)	(265,931)
Proceeds on sale of fixed assets	78,616	29,613
Total funds used to acquire fixed assets	<u>1,025,446</u>	<u>1,779,696</u>
Deduct:		
Depreciation and amortization of fixed assets	2,106,456	1,474,446
Disposal of fixed assets	103,493	72,775
Write-off of fixed assets	—	291,223
	<u>2,209,949</u>	<u>1,838,444</u>
Equity in fixed assets at end of year	<u><u>\$5,436,877</u></u>	<u><u>\$6,621,380</u></u>

**THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Operating activities:		
Excess of expense over revenue	\$(1,283,417)	\$ (123,579)
Add (deduct) items not affecting cash:		
Amortization of long-term licences	98,279	83,872
Amortization of deferred program costs	1,281,769	1,128,333
Loss on disposal of long-term licences	95,317	—
Net changes in non-cash working capital balances relating to operations (Note 11)	<u>210,637</u>	<u>(161,797)</u>
Cash provided by operations	<u>402,585</u>	<u>926,829</u>
Investing activities:		
Additions to deferred program costs	(1,412,259)	(1,320,941)
Additions to fixed assets	(1,025,446)	(1,779,696)
Additions to long-term licences	(86,485)	(66,167)
Capital grant from the Province of Alberta	1,300,000	1,459,000
Proceeds on sale of fixed assets	78,616	29,613
Proceeds on sale of long-term licences	50,000	—
Increase (decrease) in long-term payables	<u>21,812</u>	<u>(149,707)</u>
Cash applied to investing activities	<u>(1,073,762)</u>	<u>(1,827,898)</u>
Decrease in cash	671,177	901,069
Cash at beginning of year	<u>1,101,122</u>	<u>2,002,191</u>
Cash at end of year	<u><u>\$ 429,945</u></u>	<u><u>\$ 1,101,122</u></u>

**THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Educational Communications Corporation operates under the authority of the Alberta Educational Communications Corporation Act, Chapter A-18, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles except that depreciation and amortization of fixed assets are charged against equity in fixed assets.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and amortization. An equivalent amount is reported as equity in fixed assets.

Depreciation is calculated using the straight-line method as follows:

	1987		1986	
	Years of Useful Life	Salvage Value as % of Cost	Years of Useful Life	Salvage Value as % of Cost
Buildings	30	—	30	—
Land improvements	10	—	10	—
Studio and				
technical equipment	7	5%	5	15%
Automotive	5	15%	3	30%
Mobile equipment	7	5%	5	15%
Furniture, fixtures and office equipment	7	5%	7	15%

Leasehold improvements are amortized on the straight-line basis over the remaining term of the lease plus one renewal period.

Effective April 1, 1986 the Corporation increased the estimated useful lives of studio and technical equipment, automotive and mobile equipment. In addition, the salvage values for all equipment were reduced. The effect of these changes was to increase 1987 depreciation by approximately \$100,000 over what would have been calculated using the previous criteria.

Deferred program costs

Programs purchased from other agencies are recorded at cost less amortization calculated using diminishing annual rates as a percentage of cost over the period (to a maximum of four years) for which the right to use the program has been acquired.

Long-term licences

The long-term licences are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over a term of twenty years for the broadcast licence and five years for the computer software licence.

Inventories

Inventories consist of video and audio tapes and disks and are recorded at the lower of cost and net realizable value.

Program productions

All direct costs of programs developed and produced by the Corporation are charged against operations in the year they are incurred as no significant cost recoveries are normally expected from these programs after the initial year of production and broadcasting.

Note 3 Change in Accounting Policy

During the year the Corporation retroactively adopted a policy of disclosing equity in fixed assets as a separate component of equity. Whereas depreciation, other charges to fixed assets and capital grants from the Province of Alberta were previously included in the statement of revenue, expense and equity, these amounts are now recorded in the statement of equity in fixed assets. The effect of this change was to reduce the excess of expense over revenue from that recorded using the former policy by \$831,333 for 1987 (1986 \$349,831). In addition, total equity at March 31, 1987 has been reduced by the amount of unexpended capital grants of \$619,101 (1986 \$265,931).

PROVINCIAL CORPORATIONS

Note 4 Receivables

	1987	1986
Trade	\$245,349	\$282,167
Accountable advances	4,310	11,900
Other	32,380	73,651
	<u>\$282,039</u>	<u>\$367,718</u>

Note 5 Deferred Program Costs and Liabilities

	1987	1986
Cost	\$4,153,488	\$2,760,806
Accumulated amortization	2,454,466	1,192,274
Net book value	<u>\$1,699,022</u>	<u>\$1,568,532</u>
Total liabilities relating to deferred program costs	\$ 452,581	\$ 660,531
Less portion due within one year	339,172	568,934
Long-term payables	<u>\$ 113,409</u>	<u>\$ 91,597</u>

The liabilities are pursuant to written agreements which provide for interest free payments over a maximum of two years. There are no specific security provisions.

Note 6 Fixed Assets

	1987		1986	
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Buildings and land improvements	\$ 301,998	\$ 121,616	\$ 180,382	\$ 189,594
Studio and technical equipment	11,051,910	7,401,516	3,650,394	4,533,091
Automotive and mobile equipment	515,817	444,652	71,165	190,228
Furniture, fixtures and office equipment	1,550,663	743,061	807,602	890,670
Leasehold improvements	<u>1,808,336</u>	<u>1,081,002</u>	<u>727,334</u>	<u>817,797</u>
	<u>\$15,228,724</u>	<u>\$9,791,847</u>	<u>\$5,436,877</u>	<u>\$6,621,380</u>

Note 7 Long-term Licences

	1987		1986	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Broadcast licence	\$ 90,000	\$ 34,500	\$ 55,500	\$ 60,000
Computer software licences	112,345	25,740	86,605	239,216
	<u>\$202,345</u>	<u>\$ 60,240</u>	<u>\$142,105</u>	<u>\$299,216</u>

Note 8 Advances on Production

Advances are received from educational institutions towards costs of future program production. Production costs relating to these programs are charged against the advances received.

Note 9 Commitments

The Corporation had a number of productions in progress at March 31, 1987. The costs for the completion of these productions in progress are estimated at \$894,003 (1986 \$1,870,000).

The Corporation is committed to aggregate rental payments of \$6,168,335 under realty and equipment leases. Minimum annual rental payments during the next five fiscal years are as follows:

Year	Amount
1988	\$2,098,000
1989	834,000
1990	807,000
1991	794,000
1992	753,000

Note 10 Revenue from Program Sales, Video and Audio Dubbing

Program sales revenue is generated from the sale of educational television and radio programs to organizations resident outside the Province of Alberta. Revenue from program sales during the fiscal year amounted to \$218,086 (1986 \$162,634).

Audio and video tape required for the dubbing of programs requested by various educational institutions in Alberta is provided by the Corporation at cost. The tape costs recovered during the year amounted to \$330,148 (1986 \$370,996).

Other sales revenue in the amount of \$190,234 (1986 \$160,653) is generated from dubbing services provided, and the distribution of computer diskettes, print materials, multi-media kits, and program brochures.

Note 11 Net Changes in Non-cash Working Capital Balances Relating to Operations

	1987	1986
Receivables	\$ 85,679	\$ (97,017)
Inventories	53,025	11,883
Prepaid expenses	135,602	44,100
Payables and accruals	(102,788)	(4,902)
Deferred revenue	647	(5,664)
Production credits	(7,440)	(5,380)
Advances on production	<u>45,912</u>	<u>(104,817)</u>
	<u>\$ 210,637</u>	<u>\$(161,797)</u>

Note 12 Subsequent Event

Effective April 1, 1987, The Alberta Educational Communications Corporation was approved by Revenue Canada as a registered charitable organization and may now issue income tax receipts for contributions.

Note 13 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 14 Approval of Financial Statements

These financial statements were reviewed by management and the Audit Committee and recommended for approval by the Board.

ALBERTA RESEARCH COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure
and Equity
Notes to the Financial Statements
Schedule of Special Purpose Revenue,
Expenditure and Equity

AUDITOR'S REPORT

To the Board of Directors of the Alberta Research Council

I have examined the balance sheet of the Alberta Research Council as at March 31, 1987 and the statement of revenue, expenditure and equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

As disclosed in Note 4 to the financial statements, the Council has entered into research contracts which specify that the Council does not receive title to fixed assets purchased until completion of the contract or at the discretion of the sponsor. Since the Council did not identify those fixed assets to which it may not have title, I was unable to determine if any adjustment might be required to the balance sheet to adjust fixed assets and fixed assets equity to reflect ownership of the assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to identify assets to which the Council may not have title as described in the preceding paragraph, these financial statements present fairly the financial position of the Council as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 17, 1987

ALBERTA RESEARCH COUNCIL
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)

	1987	1986
ASSETS		
Current:		
Cash	\$ 9,618	\$10,992
Accounts receivable	3,514	5,042
Accrued income receivable	1,922	2,081
Prepaid expenses	45	25
Advances to joint ventures	410	624
	<u>15,509</u>	<u>18,764</u>
Non-current:		
Investment in limited partnership (Note 3)	200	200
Fixed:		
Equipment (Note 4)	43,717	37,014
	<u>59,426</u>	<u>55,978</u>
Trust Fund:		
Cash	116	180
	<u>\$59,542</u>	<u>\$56,158</u>
LIABILITIES AND EQUITY		
Current:		
Accounts payable	\$ 4,269	\$ 3,202
Unearned contract revenue	2,384	938
Promissory note payable (Note 3)	200	100
Obligation under capital lease (Note 6)	502	—
	<u>7,355</u>	<u>4,240</u>
Non-current:		
Unearned contract revenue	1,230	1,100
Obligation under capital lease (Note 6)	1,093	—
Promissory note payable (Note 3)	—	100
	<u>2,323</u>	<u>1,200</u>
Equity:		
Fixed assets (Note 5)	42,122	37,014
Operating	2,354	6,502
Special purpose, Schedule 1	5,272	5,486
Capital reserve	—	1,536
	<u>49,748</u>	<u>50,538</u>
	<u>59,426</u>	<u>55,978</u>
Trust Fund:		
Trust liability	116	180
	<u>\$59,542</u>	<u>\$56,158</u>

The accompanying notes are part
of these financial statements.

ALBERTA RESEARCH COUNCIL
STATEMENT OF REVENUE, EXPENDITURE AND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

	<u>Operating</u>	<u>Special Purpose (Schedule 1)</u>	<u>Total</u>	
			<u>1987</u>	<u>1986</u>
REVENUE				
Grants from Province of Alberta:				
General Revenue Fund	\$19,020	\$3,810	\$22,830	\$26,209
Alberta Heritage Savings Trust Fund	—	565	565	1,385
	19,020	4,375	23,395	27,594
Contract revenue	15,943	261	16,204	21,251
	34,963	4,636	39,599	48,845
EXPENDITURE				
Natural resources	11,148	—	11,148	12,580
Energy resources	11,139	—	11,139	11,229
Applied sciences	5,826	1,062	6,888	6,965
Industrial and engineering research	4,823	1,070	5,893	3,784
Finance and administration	4,966	—	4,966	4,163
Executive offices	2,456	—	2,456	1,178
Millwoods/Devon fitting up	—	825	825	2,760
Electronics Test Centre	—	2,182	2,182	6,092
Office of Science and Technology	—	—	—	196
	40,358	5,139	45,497	48,947
Deficiency of revenue over expenditure for the year	(5,395)	(503)	(5,898)	(102)
Equity at beginning of year	6,502	5,486	11,988	13,626
	1,107	4,983	6,090	13,524
Transfer	(170)	170	—	—
Transfer (to) from capital reserve	1,417	119	1,536	(1,536)
Equity at end of year	\$ 2,354	\$5,272	\$ 7,626	\$11,988

ALBERTA RESEARCH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Alberta Research Council operates under the authority of the Alberta Research Council Act, Chapter A 35.1, Statutes of Alberta 1981.
- Note 2 Summary of Significant Accounting Policies and Reporting Practices
- (a) General
These financial statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to operations in the year of acquisition. Notwithstanding this policy however, fixed assets are shown on the balance sheet at original cost, or at estimated cost, with the offsetting credit to fixed assets equity.
 - (b) Capital Leases
Assets acquired under capital leases, which transfer substantially all the benefits and risks incident to ownership of the assets, are initially recorded as fixed assets at cost and the related lease obligations are recorded as liabilities. Operations are charged with the capital portion as lease payments are made.
 - (c) Advances to Joint Ventures
Advances to joint ventures are recorded as assets of the Council. The asset is reduced and a corresponding charge is made to expenditure for the Council's share of joint venture expenses.
 - (d) Patents
Expenditures for patents owned by the Council as a result of research activity are not capitalized due to the intangible nature of assets that may accrue to the Council.
 - (e) Contract Revenue Recognition
Contract revenue is recognized as costs are incurred, up to the contract maximum and in accordance with contracted cost sharing ratios. In accordance with generally accepted accounting principles, the Council makes full provision for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated. Accordingly, revenue is deferred to future years and matched against costs incurred to complete the project.
 - (f) Investment
The Council is a minority shareholder of International Permeation Inc. The equity allocated to Council was based upon the technological "know how" acquired by International Permeation Inc. from a former company to which Council provided research and technological expertise and was the majority shareholder.
The Council's equity in the company is not reflected in these financial statements due to the intangible nature of the benefits which may accrue to the Council.
 - (g) Special Purpose Equity
Special purpose equity is to be used only for future expenditures related to those activities listed on Schedule I.
 - (h) Trust Liability
Trust funds are contributions received from other government departments under research agency agreements which specify the Council administer the contributions and provide accounting services.
 - (i) Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Investment in Limited Partnership
The Council has purchased one limited partnership unit in Spurt Investment Fund I, a venture capital fund designed solely to make equity investments in seed and early stage technology enterprises. The partnership unit which cost \$300,000, was acquired with a payment of \$100,000 and a non-interest bearing promissory note requiring payments of \$100,000 on each of October 27, 1986 and 1987. The October 27, 1986 payment was not made at the request of the partnership and is now payable upon demand.
As it is uncertain if any benefits will accrue to the Council, the investment is being written off as payments are made. The amount of the investment is summarized as follows:
- | | <u>1987</u> | <u>1986</u> |
|--------------------------|------------------|------------------|
| Original cost | \$300,000 | \$300,000 |
| Less: Amount written off | 100,000 | 100,000 |
| Book value | <u>\$200,000</u> | <u>\$200,000</u> |

PROVINCIAL CORPORATIONS

Note 4 Fixed Assets

Fixed assets purchased subsequent to April 1, 1981 have been valued at cost. Those purchased prior to April 1, 1981 have been valued at estimated cost by the Council.

Included in fixed assets are certain fixed assets purchased as a result of research contracts which specify that the Council does not receive title to the fixed assets purchased until completion of the contract or at the discretion of the sponsor.

Note 5 Fixed Assets Equity

	1987	1986
Balance at beginning of year	\$37,014,483	\$27,208,354
Add: Additions at cost	<u>7,132,763</u>	<u>10,176,796</u>
	<u>44,147,246</u>	<u>37,385,150</u>
Less:		
Obligation under capital lease	1,594,919	—
Disposals at cost	<u>430,011</u>	<u>370,667</u>
Balance at end of year	<u><u>\$42,122,316</u></u>	<u><u>\$37,014,483</u></u>

Note 6 Obligation Under Capital Lease

Year ending March 31, 1988	\$ 650,220
1989	650,220
1990	<u>596,035</u>
	1,896,475
Less: Interest	<u>301,556</u>
	1,594,919
Current portion	<u>501,893</u>
	<u><u>\$1,093,026</u></u>

Note 7 Obligations Under Operating Leases

Year ending March 31, 1988	\$225,280
1989	189,161
1990	116,787
1991	61,945
1992	<u>47,892</u>
	<u><u>\$641,065</u></u>

Note 8 Occupancy and Office Furniture Expenditure

Occupancy and office furniture have been provided by the Province of Alberta at no cost and are not reflected in these financial statements.

Note 9 Approval of Financial Statements

These financial statements were reviewed by management and recommended to the Board for approval.

ALBERTA RESEARCH COUNCIL
SCHEDULE OF SPECIAL PURPOSE REVENUE, EXPENDITURE AND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987

	Electronics Test Centre	Office of Science & Technology	Joint Research Venture Initiatives	Millwoods/ Devon Fitting Up	Electronics Industry Information Centre	Bio- technology Toll Facility	Total 1987	Total 1986
REVENUE								
Grants from Province of Alberta:								
General Revenue Fund	\$ 305,000	\$ —	\$ —	\$1,000,000	\$ —	\$2,505,000	\$3,810,000	\$7,482
Alberta Heritage Savings Trust Fund	565,000	—	—	—	—	—	565,000	1,385
Contract revenue	254,987	—	—	—	6,034	—	261,021	72
	<u>1,124,987</u>	<u>—</u>	<u>—</u>	<u>1,000,000</u>	<u>6,034</u>	<u>2,505,000</u>	<u>4,636,021</u>	<u>8,939</u>
EXPENDITURE								
Manpower	767,010	—	—	—	110,408	12,928	890,346	654
Supplies and services	851,946	97	984,291	—	230,486	192,454	2,259,274	2,064
Fixed assets	407,030	—	—	824,327	16,200	585,525	1,833,082	6,940
Overhead	156,191	—	—	—	—	—	156,191	91
	<u>2,182,177</u>	<u>97</u>	<u>984,291</u>	<u>824,327</u>	<u>357,094</u>	<u>790,907</u>	<u>5,138,893</u>	<u>9,751</u>
Excess (deficiency) of revenue over expenditure for the year	(1,057,190)	(97)	(984,291)	175,673	(351,060)	1,714,093	(502,872)	(812)
Balance at beginning of year	1,331,275	181,322	1,366,578	2,034,476	572,226	—	5,485,877	6,298
Transfer (to) from operating equity	—	—	—	(880,000)	—	1,050,000	170,000	
Transfer from capital reserve	—	—	—	—	—	119,000	119,000	
Transfer	—	—	271,110	—	—	(271,110)	—	
Balance at end of year	<u>\$ 274,085</u>	<u>\$181,225</u>	<u>\$ 653,397</u>	<u>\$1,330,149</u>	<u>\$ 221,166</u>	<u>\$2,611,983</u>	<u>\$5,272,005</u>	<u>\$5,485</u>

ALBERTA ELECTRIC ENERGY MARKETING AGENCY
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Capital Surplus
Notes to the Financial Statements
Schedule of Operating Expenses

AUDITOR'S REPORT

To the Minister of Transportation and Utilities

I have examined the balance sheet of the Alberta Electric Energy Marketing Agency as at March 31, 1987 and the statements of revenue and expenditure and capital surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Agency as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
April 23, 1987

**ALBERTA ELECTRIC ENERGY MARKETING AGENCY
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Current:		
Cash	\$65,954	\$36,368
Fixed:		
Equipment, at cost	33,397	43,173
	<u>\$99,351</u>	<u>\$79,541</u>
LIABILITIES AND SURPLUS		
Current:		
Accounts payable	\$ 4,576	\$ 2,038
Due to the Province of Alberta	<u>61,378</u>	<u>34,330</u>
	65,954	36,368
Capital surplus	33,397	43,173
	<u>\$99,351</u>	<u>\$79,541</u>

The accompanying notes are part
of these financial statements.

**ALBERTA ELECTRIC ENERGY MARKETING AGENCY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
REVENUE		
Sales of electric energy	\$1,037,874,115	\$937,774,669
Interest, net	<u>—</u>	15,877
	<u>1,037,874,115</u>	<u>937,790,546</u>
EXPENDITURE		
Purchases of electric energy	1,037,874,115	937,774,669
Shielding grants	42,946,924	49,521,093
Operating expenses, Schedule 1	<u>322,952</u>	<u>355,506</u>
	<u>1,081,143,991</u>	<u>987,651,268</u>
Excess of expenditure over revenue	43,269,876	49,860,722
Contribution by the Province of Alberta	<u>43,269,876</u>	<u>49,860,722</u>
	<u><u>—</u></u>	<u><u>—</u></u>

**ALBERTA ELECTRIC ENERGY MARKETING AGENCY
STATEMENT OF CAPITAL SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	1986
Balance at beginning of year	\$43,173	\$44,363
Add: Purchases of equipment	<u>—</u>	9,913
	<u>43,173</u>	<u>54,276</u>
Less: Equipment transferred to the Department of Transportation and Utilities	9,776	11,103
Balance at end of year	<u>\$33,397</u>	<u>\$43,173</u>

**ALBERTA ELECTRIC ENERGY MARKETING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Alberta Electric Energy Marketing Agency operates under the authority of the Electric Energy Marketing Act, Chapter E-4.1, Statutes of Alberta 1981, as amended. Shielding grants are paid pursuant to the Department of Transportation and Utilities Act, Chapter D-30, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

(a) General:

These financial statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to operations in the year of acquisition. Notwithstanding this policy, however, the balance sheet also shows, for information purposes, the cumulative amount of such expenditures in respect of all fixed assets presently owned with a corresponding credit shown as capital surplus.

(b) Changes in Financial Position:

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Costs

Salary, accommodation, basic office furnishing, and other overhead costs incurred in the administration of the Agency have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Approval by the Public Utilities Board

The price at which electric energy is sold to the Alberta Electric Energy Marketing Agency is subject to Public Utilities Board approval. Any subsequent price adjustments by the Board, received by the Agency on or before December 31 in respect of a prior year, are reflected in the following calendar year.

Note 5 Contingency

Certain Public Utilities Board rates established in a previous year were appealed and some payments made to the Agency were conditional pending the conclusion of this matter.

Note 6 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 7 Approval of Financial Statements

These financial statements were approved by management.

Schedule 1

**ALBERTA ELECTRIC ENERGY MARKETING AGENCY
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Salaries and wages	\$243,886	\$258,506
Legal, consulting and business services	24,638	31,376
Employee benefits	24,323	24,933
Travel and hospitality	11,246	10,401
Equipment rental	8,776	9,117
Freight, postage and telephone	3,421	3,856
Repair and maintenance	3,499	2,890
Printing, stationery and supplies	2,207	3,580
Books and periodicals	956	934
Equipment	—	9,913
	<u>\$322,952</u>	<u>\$355,506</u>

ALBERTA RESOURCES RAILWAY CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Operations
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Long-term Debt
Schedule of Sinking Fund Assets

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Resources Railway Corporation

I have examined the balance sheet of the Alberta Resources Railway Corporation as at December 31, 1986 and the statements of operations and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
April 10, 1987

ALBERTA RESOURCES RAILWAY CORPORATION
BALANCE SHEET
DECEMBER 31, 1986

	<u>1986</u>	<u>1985</u>
ASSETS		
Current:		
Cash	\$ 416,828	\$ 1,319,763
Accounts receivable	263,727	243,464
Due from the Province of Alberta	<u>1,960,631</u>	<u>1,594,348</u>
	2,641,186	3,157,575
Railway (Note 3)	<u>39,991,217</u>	<u>49,191,648</u>
	<u>\$42,632,403</u>	<u>\$52,349,223</u>
LIABILITIES AND DEFICIT		
Current:		
Accounts payable	\$ 127,078	\$ 874,975
Accrued interest payable	2,514,108	2,282,600
Note payable to Provincial Treasurer (Note 4)	<u>163,859</u>	<u>354,136</u>
	2,805,045	3,511,711
Long-term debt (Note 5) (Schedule 1)	39,991,217	49,191,648
Deficit (Note 4)	<u>(163,859)</u>	<u>(354,136)</u>
	<u>\$42,632,403</u>	<u>\$52,349,223</u>

The accompanying notes are part
of these financial statements.

**ALBERTA RESOURCES RAILWAY CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
Revenue:		
Tonnage rental	\$ 3,745,943	\$ 2,901,755
Interest	89,888	75,402
Leases	40,817	44,090
Miscellaneous	<u>14,793</u>	<u>14,793</u>
	<u>3,891,441</u>	<u>3,036,040</u>
Expenditure:		
Interest on long-term debt	9,718,938	9,848,128
Writedown of railway	9,333,776	9,741,924
Miscellaneous	<u>51,359</u>	<u>52,165</u>
	<u>19,104,073</u>	<u>19,642,217</u>
Operating loss	15,212,632	16,606,177
Sinking fund earnings	7,131,628	6,821,550
Excess of operating loss over sinking fund earnings	8,081,004	9,784,627
Contribution by the Province of Alberta (Note 4)	<u>8,271,281</u>	<u>9,784,627</u>
Net income for the year	190,277	—
Deficit at beginning of year	<u>354,136</u>	<u>354,136</u>
Deficit at end of year	<u>\$ 163,859</u>	<u>\$ 354,136</u>

**ALBERTA RESOURCES RAILWAY CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
Operating		
Net income for the year	\$ 190,277	\$ —
Add non-cash items:		
Write-down of railway	9,333,776	9,741,924
Net change in working capital	<u>(1,093,212)</u>	<u>489,391</u>
	<u>8,430,841</u>	<u>10,231,315</u>
Investing		
Additions to railway	<u>(133,345)</u>	<u>(851,570)</u>
Financing		
Debt retirement	(25,000,000)	—
Sinking fund, net	<u>15,799,569</u>	<u>(8,890,354)</u>
	<u>(9,200,431)</u>	<u>(8,890,354)</u>
Increase (decrease) in cash	(902,935)	489,391
Cash at beginning of year	1,319,763	830,372
Cash at end of year	<u>\$ 416,828</u>	<u>\$ 1,319,763</u>

ALBERTA RESOURCES RAILWAY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Alberta Resources Railway Corporation operates under the authority of the Alberta Resources Railway Corporation Act, Chapter A-36, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

Railway

The railway asset is stated at cost less an amount written down, so that the net book value of the railway asset is equal to the amount of the outstanding long-term debt, net of the carrying value of sinking fund assets.

Sinking fund investments

Sinking fund investments are valued at cost less unamortized realized net gains.

Realized gains and losses on disposals are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight-line basis over the lesser of ten years or the remaining term to maturity of the disposed investment.

Note 3 Railway

	<u>1986</u>	<u>1985</u>
Cost	\$105,310,253	\$105,176,907
Less accumulated writedown	<u>65,319,036</u>	<u>55,985,259</u>
Net book value equal to value of net outstanding long-term debt	<u>\$ 39,991,217</u>	<u>\$ 49,191,648</u>

The railway asset comprises the cost of all land, railroad, buildings and improvements of a capital nature paid for by the Corporation.

All of these assets, except land not required for the operation of the railway, are leased to the Canadian National Railway Company (CNR) under the terms of an agreement dated October 1, 1965. The agreement requires the payment of a tonnage rental to the Corporation based on the amount of freight "carried to and from the railway". The lease will be in effect until January 1, 1990, at which time it may be renewed for successive one-year terms. The agreement also provides CNR with an option to purchase the leased assets at approximately \$161 million on December 31, 1986 (1985 \$159 million).

Note 4 Contribution by the Province of Alberta

The contribution has been made out of a supply vote of the Department of Transportation and Utilities.

An amount has been included in the 1986-87 supply vote to enable the Corporation's deficit brought forward from 1984 to be eliminated as at March 31, 1987, and the note payable to the Provincial Treasurer for \$163,859 to be retired.

The supply vote for 1987-88 of the Department of Transportation and Utilities includes an amount of \$7,850,000 to provide financial operating assistance to the Corporation.

Note 5 Long-Term Debt

The long-term debt of the Corporation not held by the Provincial Treasurer is fully guaranteed by the Province of Alberta.

Debentures amounting to \$25,000,000 held by the Canada Pension Plan Investment Fund are redeemable at the option of the Minister of Finance of Canada by giving six months notice in writing to the Provincial Treasurer and observing the other redemption provisions of the debentures.

Note 6 Administration Costs

Salaries of Treasury Department staff, accommodation and other overhead costs incurred in the administration of the Corporation have been borne by the Province of Alberta and are not reflected in these financial statements.

Note 7 Contingent Gain

The Corporation has a two-thirds claim on the proceeds less costs of a future disposition of 12.98 acres of land situated in the centre of Grande Prairie following development of the land by the City of Grande Prairie. Costs comprise all amounts expended by the City of Grande Prairie in purchasing, developing, improving and selling or otherwise disposing of the land. The timing of the development is uncertain and may not take place in the short or medium term.

An estimate of the amount of the contingent gain cannot be made at December 31, 1986. However, any amount due to the Corporation as a result of a disposition of the land will be credited to revenue in the year of disposition.

Note 8 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 9 Approval of Financial Statements

These financial statements have been approved by management.

VINCIAL CORPORATIONS

Schedule 1

ALBERTA RESOURCES RAILWAY CORPORATION
SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 1986

Held By	Issue Date	Maturity Date	Interest Rate	Amount Outstanding	Sinking Fund Assets (Schedule 2)	Long-term Debt
ntures:						
Canada Pension Plan Investment Fund	Oct. 1, 1973 Nov. 1, 1973 Dec. 3, 1973 Jan. 2, 1974 Feb. 1, 1974	Oct. 1, 1993 Nov. 1, 1993 Dec. 3, 1993 Jan. 2, 1994 Feb. 1, 1994	7.61% 7.58% 7.50% 7.47% 7.53%	\$ 5,484,000 5,877,000 5,170,000 2,775,000 5,694,000	\$ 2,840,545 3,044,107 2,677,903 1,437,366 2,949,319	\$ 2,643,455 2,832,893 2,492,097 1,337,634 2,744,681
				25,000,000	12,949,240	12,050,760
Alberta Municipal Financing Corporation	Jul. 15, 1977 Jul. 31, 1980	Jul. 15, 1992 Jul. 31, 1990	9.00% 11.73%	25,000,000 20,000,000	12,949,241 10,359,392	12,050,759 9,640,608
				45,000,000	23,308,633	21,691,367
Total debentures				70,000,000	36,257,873	33,742,127
vincial Treasurer						
1986	Various	Demand	Prime	8,440,172	2,191,082	6,249,090
1985				\$ 78,440,172	\$38,448,955	\$39,991,217
				\$103,440,172	\$54,248,524	\$49,191,648

ntures held by Canada Pension Plan Investment Fund are repayable at six months notice. These debentures and notes payable on demand have been classified as term as it is anticipated that in the event that the holders exercise their option during the ensuing year, the payments in excess of sinking fund coverage will be made by the proceeds of long-term refinancing.

Schedule 2

ALBERTA RESOURCES RAILWAY CORPORATION
SCHEDULE OF SINKING FUND ASSETS
DECEMBER 31, 1986

Investments	
At cost	
Bonds	
Government of Canada	\$13,814,843
Provincial (Note A)	198,979
Corporate	1,125,000
	15,138,822
Bond coupons and residuals	
Government of Canada	19,922,130
Mid-term money market securities	
	496,423
Less unamortized realized net gains	
	35,557,375
	2,765,860
Cash	
Accrued interest receivable	
Total 1986	\$38,448,955
Total 1985	\$54,248,524

Note A There are no bonds of the Province of Alberta.

B The market value of the total sinking fund assets at December 31, 1986 was \$43,777,954 (1985 \$59,261,379).

ALBERTA MUNICIPAL FINANCING CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Net Debenture Debt
Schedule of Sinking Fund Assets

AUDITOR'S REPORT

To the Shareholders of the
Alberta Municipal Financing Corporation

I have examined the balance sheet of the Alberta Municipal Financing Corporation as at December 31, 1986 and the statements of revenue, expenditure and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
February 20, 1987

VINCIAL CORPORATIONS

**ALBERTA MUNICIPAL FINANCING CORPORATION
BALANCE SHEET
AS AT DECEMBER 31, 1986
(thousands of dollars)**

	1986	1985
ASSETS		
Cash	\$ 27,840	\$ 23,972
Accrued interest receivable	244,654	241,038
Loans to municipal authorities	<u>5,053,520</u>	<u>4,955,909</u>
	<u><u>\$5,326,014</u></u>	<u><u>\$5,220,919</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accrued interest payable	\$ 138,635	\$ 141,671
Net debenture debt (Schedule 1 and Notes 3 and 4)	<u>4,651,643</u>	<u>4,649,978</u>
	<u><u>4,790,278</u></u>	<u><u>4,791,649</u></u>
Shareholders' equity:		
Share capital: (Note 5)		
Authorized: 7,500 common shares, par value		
\$10 per share		
Issued and fully paid:		
1986 - 6,384 shares(1985 - 6,374 shares)	64	63
Retained earnings	<u>535,672</u>	<u>429,207</u>
	<u><u>535,736</u></u>	<u><u>429,270</u></u>
	<u><u>\$5,326,014</u></u>	<u><u>\$5,220,919</u></u>

The accompanying notes are part
of these financial statements.

**ALBERTA MUNICIPAL FINANCING CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1986
(thousands of dollars)**

	1986	1985
Revenue:		
Interest on loans	\$661,303	\$657,770
Investment income on sinking fund assets (Note 6)	160,801	117,065
Interest on deposits	5,467	1,761
Fees on loan prepayments	2,186	3,535
Gains on redemption of debenture debt	<u>210</u>	<u>336</u>
	<u><u>829,967</u></u>	<u><u>780,467</u></u>
Expenditure:		
Interest on debentures	719,086	693,186
Amortization of debenture discount	3,545	3,884
Exchange losses on debenture debt	407	754
Administration and office expense	303	316
Interest on short-term notes	95	8,716
Debt service charges	51	79
Directors' and officers' fees and expenses	<u>15</u>	<u>11</u>
	<u><u>723,502</u></u>	<u><u>706,946</u></u>
Excess of revenue over expenditure for the year	106,465	73,521
Retained earnings, beginning of year	<u>429,207</u>	<u>355,686</u>
Retained earnings, end of year	<u><u>\$535,672</u></u>	<u><u>\$429,207</u></u>

**ALBERTA MUNICIPAL FINANCING CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986**
(thousands of dollars)

	<u>1986</u>	<u>1985</u>
Operating transactions:		
Excess of revenue over expenditure for the year	\$ 106,465	\$ 73,521
Add (deduct) non-cash items:		
Amortization of gains, losses and discounts related to debenture debt	3,742	4,302
Deferred gains and amortization of premiums and discounts related to sinking fund investments	(27,092)	(22,084)
Increase in accrued interest (net)	(6,652)	(7,269)
Cash provided by operating transactions	<u>76,463</u>	<u>48,470</u>
Investing transactions:		
New loans	(337,188)	(337,545)
Loan repayments	<u>239,577</u>	<u>234,875</u>
Cash applied to investing transactions	<u>(97,611)</u>	<u>(102,670)</u>
Financing transactions:		
Debenture debt issues:		
Canada Pension Plan Investment Fund	395,645	290,742
Debt retirement:		
Redemption of short-term note payable to Provincial Treasurer	—	(14,694)
Redemption of debentures	(317,848)	(51,574)
Increase in sinking fund assets (net)	(52,782)	(153,582)
Sale of shares	<u>1</u>	<u>—</u>
Cash provided by financing transactions	<u>25,016</u>	<u>70,892</u>
Increase in cash	3,868	16,692
Cash at beginning of year	<u>23,972</u>	<u>7,280</u>
Cash at end of year	<u>\$ 27,840</u>	<u>\$ 23,972</u>

ALBERTA MUNICIPAL FINANCING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Alberta Municipal Financing Corporation operates under the authority of the Alberta Municipal Financing Corporation Act, Chapter A-33, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices**Sinking Fund Assets (Schedule 2)**

Sinking fund assets are recorded at cost. The cost of investments includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments. Realized gains and losses on disposals of sinking fund investments are included in the determination of investment income. The cost of investments disposed of is determined on the average cost basis.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Foreign Exchange

Debenture debt, cash, accrued interest, short-term money market securities and accounts payable denominated in foreign currency are translated at the rate of exchange in effect at the balance sheet date. Investments, other than short-term money market securities, and revenue items are translated at historical exchange rates.

Gains and losses arising from the translation of foreign currencies are included in the determination of net income except:

- (i) unrealized exchange gains or losses relating to hedged debenture debt which are deferred until the debt is extinguished, and unrealized exchange gains or losses relating to unhedged debenture debt which are deferred and amortized over the remaining life of the debt, and
- (ii) unrealized exchange gains or losses relating to hedged monetary assets which are deferred.

Debenture Discount

Debenture discount, including underwriting commission, arising on the issue of debenture debt is deferred and amortized over the term of the debt. Public debenture issue expenses are charged against income as they arise.

Note 3 Net Debenture Debt

- (a) The debenture debt of the Corporation is fully guaranteed by the Province of Alberta.
- (b) Debentures amounting to \$3,623,022,000 held by the Canada Pension Plan Investment Fund are redeemable at the option of the Minister of Finance of Canada by giving six months notice in writing to the Provincial Treasurer and observing the other redemption provisions of the debentures.
- (c) Debentures are recorded net of sinking fund assets, deferred exchange losses and unamortized discounts.

Note 4 Commitments (thousands of dollars)

Sinking fund and debenture redemption requirements during each of the next five years are as follows:

	<u>Sinking Fund</u>	<u>Debenture Redemption</u>	<u>Total</u>
1987	\$ 10,917	\$ 625,683	\$ 636,600
1988	10,875	222,221	233,096
1989	7,875	323,978	331,853
1990	7,875	80,406	88,281
1991	7,875	117,130	125,005
	<u>\$ 45,417</u>	<u>\$1,369,418</u>	<u>\$1,414,835</u>

Note 5 Share Capital

Particulars of share capital are summarized hereunder:

Class	Restricted to	Number of shares		Total Dollar Amount
		Authorized	Issued and Fully Paid	
A	Provincial Treasurer	4,500	4,500	\$45,000
B	Municipalities and hospitals	1,000	850	8,500
C	Cities	750	578	5,780
D	Towns and villages	750	313	3,130
E	Schools	500	143	1,430
		<u>7,500</u>	<u>6,384</u>	<u>\$63,840</u>

1 Class B share, 4 Class C shares and 5 Class E shares were issued during the year at \$10 each. One share was transferred from Class D to Class C.

Note 6 Investment Income on Sinking Fund Assets

In previous years, the Corporation was required by its bylaws to provide sinking fund assets for all of its debenture debt. In 1986, the Corporation's bylaws were changed to only require sinking fund assets for certain public debentures and certain other debentures maturing in 2000. Sinking fund assets in excess of amounts required by the new bylaws will be used to retire debentures as they mature. Commencing in 1988, any remaining excess sinking fund assets will also be available for loans to municipal authorities.

In accordance with the Corporation's change in the use of its sinking fund assets, gains and losses, which amounted to \$23,196,000 in 1986, realized on the sale of these assets, were included in investment income. Prior to 1986, such gains and losses were considered to be an adjustment of future portfolio yields and as such were deferred and amortized over the lesser of the remaining term to maturity of the investment disposed of or ten years. The net unamortized gain amounting to \$6,822,000, which was accumulated in prior years, has been included in investment income this year.

Note 7 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 8 Approval of Financial Statements

These financial statements have been approved by management.

ALBERTA MUNICIPAL FINANCING CORPORATION
SCHEDULE OF NET DEBENTURE DEBT
AS AT DECEMBER 31, 1986
(thousands of dollars)

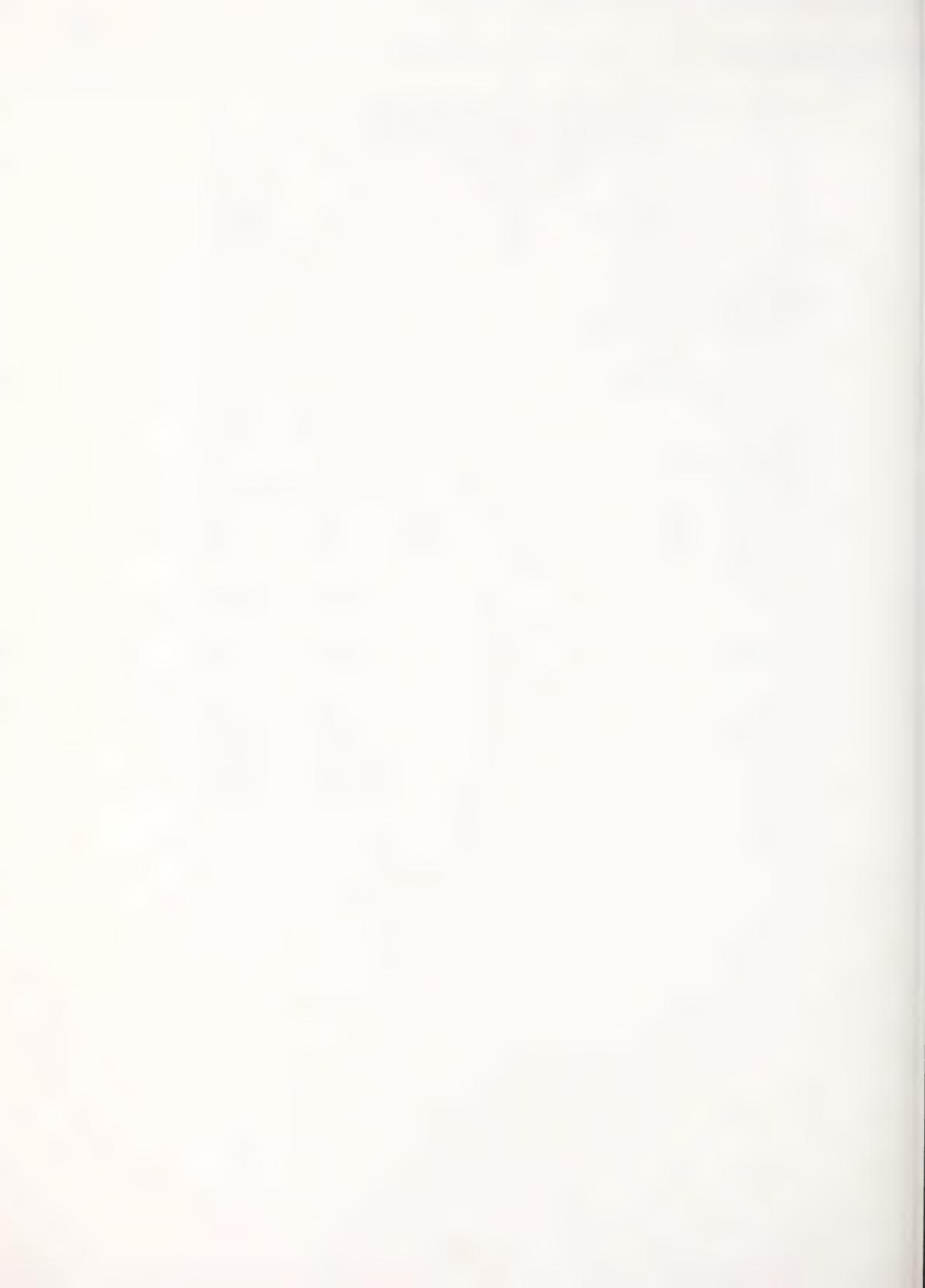
Date of Issue	Maturity Date	Interest Rate	Original Issue	Principal Outstanding
Provincial Treasurer				
May 3, 1982	May 3, 1987	15.75 %	\$ 40,000	\$ 40,000
Jun 15, 1982	Jun 15, 1987	15.375	50,000	50,000
Aug 3, 1982	Aug 3, 1987	16.875	70,000	70,000
Sep 1, 1982	Sep 1, 1987	15.50	210,000	210,000
Sep 15, 1981	Sep 15, 1987	16.25	85,000	85,000
Nov 16, 1981	Nov 16, 1987	17.25	86,000	86,000
Mar 1, 1982	Mar 1, 1988	16.00	110,000	110,000
Jul 15, 1981	Jul 15, 1988	16.00	45,000	45,000
Nov 1, 1982	Nov 1, 1989	13.50	150,000	70,000
Nov 1, 1979	Nov 1, 1999	11.70	70,000	70,000
Mar 3, 1980	Mar 3, 2000	13.45	35,000	35,000
Jul 2, 1980	Jul 3, 2000	11.75	30,000	30,000
Aug 15, 1980	Aug 15, 2000	13.20	35,000	35,000
Nov 17, 1980	Nov 17, 2000	13.75	75,000	75,000
Dec 1, 1980	Dec 1, 2000	13.65	50,000	50,000
Dec 17, 1979	Dec 15, 2000	11.85	70,000	70,000
Dec 15, 1980	Dec 15, 2000	13.60	155,000	155,000
Mar 2, 1981	Mar 2, 2001	14.10	30,000	30,000
Jun 15, 1981	Jun 15, 2001	16.25	85,000	85,000
Oct 1, 1980	Oct 1, 2001	13.66	75,000	75,000
Total				<u>1,476,000</u>
Canada Pension Plan Investment Fund (Note 3(b))				
Dec 1, 1967	Nov 1, 1987	5.57	55,194	55,194
Dec 2, 1968	Nov 4, 1988	6.56	65,019	65,019
Dec 1, 1969	Nov 3, 1989	7.32	76,618	76,618
Dec 1, 1970	Nov 2, 1990	8.06	78,282	78,282
Dec 1, 1971	Nov 1, 1991	7.18	92,130	92,130
Dec 15, 1972	Jun 1, 1992	7.13	54,599	54,599
Dec 15, 1973	Sep 4, 1993	7.44	85,433	85,433
Nov 15, 1974	Oct 1, 1994	8.34	98,318	98,318
Nov 14, 1975	Oct 1, 1995	8.79	137,694	137,694
Oct 15, 1976	Sep 1, 1996	9.06	140,685	140,685
Oct 14, 1977	Sep 1, 1997	9.06	163,457	163,457
Oct 16, 1978	Sep 1, 1998	9.31	176,645	176,645
Nov 15, 1979	Oct 1, 1999	10.04	219,206	219,206
Nov 14, 1980	Oct 1, 2000	12.35	222,367	222,367
Sep 15, 1981	Aug 1, 2001	14.18	216,739	216,739
Jun 1, 1982	Jun 1, 2002	15.75	274,735	274,735
Apr 5, 1983	Apr 5, 2003	13.82	209,284	209,284
Dec 1, 1983	Dec 1, 2003	11.50	231,739	231,739
Dec 3, 1984	Dec 3, 2004	13.25	338,491	338,491
Nov 1, 1985	Nov 1, 2005	11.66	283,604	283,604
Nov 3, 1986	Nov 3, 2006	9.85	395,396	395,396
Dec 1, 1986	Dec 1, 2006	9.55	7,387	7,387
Total				<u>3,623,022</u>

Date of Issue	Maturity Date	Interest Rate	Original Issue	Principal Outstanding
Public, payable in Canadian dollars				
Jun 15, 1965	Jun 15, 1987	5.25 %	\$ 25,000	\$ 25,000
Aug 15, 1984	Aug 15, 1989	13.50	150,000	150,000
Nov 1, 1969	Nov 1, 1989	8.00	15,000	56
Nov 15, 1966	Nov 15, 1989	6.25	25,000	25,000
Jun 1, 1970	Jun 1, 1990	8.625	28,000	2,124
Jun 15, 1966	Jun 15, 1991	5.75	25,000	25,000
May 15, 1967	May 15, 1992	6.00	35,000	35,000
Mar 15, 1968	Mar 15, 1993	7.25	52,000	52,000
Jan 18, 1983	Dec 15, 2002	12.25	450,000	450,000
Total				<u>764,180</u>
Public, payable in United States dollars				
Nov 15, 1962	Nov 15, 1987	5.00	25,000 U.S.	2,384
Dec 15, 1964	Dec 15, 1989	4.625	25,000 U.S.	<u>6,611</u>
				8,995
Less deferred exchange losses				<u>1,059</u>
Total				<u>7,936</u>
Less: Sinking Fund assets (Schedule 2)				<u>5,871,138</u>
Unamortized debenture discount				<u>1,206,684</u>
				<u>12,811</u>
Total				<u>1,219,495</u>
				<u>\$4,651,643</u>

ALBERTA MUNICIPAL FINANCING CORPORATION
SCHEDULE OF SINKING FUND ASSETS
AS AT DECEMBER 31, 1986
(thousands of dollars)

	Par Value	Book Value	Market Value
Investments:			
Bonds and debentures:			
Government of Canada, direct and guaranteed	\$451,228	\$ 459,403	\$ 499,972
Provincial, direct:			
- Alberta	10,357	10,353	10,181
- Other	49,625	49,256	53,452
Provincial, guaranteed:			
- Alberta Municipal Financing Corporation	117,028	115,203	115,905
- Other Alberta	61,336	62,945	62,810
- Other	63,225	61,517	62,575
Corporate	66,260	66,531	70,852
Corporate, convertible	1,050	1,040	1,135
Municipal	21,350	20,970	21,990
Mid-term money market securities:			
Notes	9,000	8,992	9,554
Certificates of deposit	12,000	11,998	12,163
United States Treasury notes	17,253	17,182	18,056
Mortgages	8,746	8,746	9,655
Bond coupons and residuals:			
Government of Canada, direct	160,323	163,809	
	<hr/>	<hr/>	<hr/>
	1,054,459	1,112,109	
Short-term money market securities: (a)			
Treasury bills	86,924	86,924	
Total	<hr/>	<hr/>	<hr/>
	1,141,383	1,199,033	
Other assets: (a)			
Cash	42,819	42,819	
Accrued interest receivable	<hr/>	<hr/>	<hr/>
	22,482	22,482	
Total	<hr/>	<hr/>	<hr/>
Total 1986	65,301	65,301	
Total 1985	<hr/>	<hr/>	<hr/>
	\$1,206,684	\$1,264,334	
	<hr/>	<hr/>	<hr/>
	\$1,126,810	\$1,194,970	
	<hr/>	<hr/>	<hr/>

(a) Market value is deemed to be book value.



SECTION 6

1986-87 PUBLIC ACCOUNTS

PROVINCIAL COMMITTEES - FINANCIAL STATEMENTS

	Page
Contents:	Page
Introduction	6.2
Advanced Education: Students Finance Board	6.3
Agriculture: Agricultural Research Council of Alberta	6.6
Hospitals and Medical Care: Edmonton Area Hospital Advisory Council Fund	6.11

PROVINCIAL COMMITTEES - FINANCIAL STATEMENTS

Introduction:

Section 1(1)(m) of the Financial Administration Act defines a Provincial committee as “an unincorporated board, commission, council or other body that is not a department or part of a department, all or a majority of whose members are appointed or designated, either by their personal names or by their names of office, by an Act of the Legislature or regulations under an Act of the Legislature, by an order of the Lieutenant Governor in Council or of a Minister of the Crown or by any combination thereof”.

The large majority of Provincial committees do not operate funds. They are financed and accounted for as departmental expenditure under a supply vote.

Included in this section are those committees that operate funds. They are also included in the consolidated financial statements.

STUDENTS FINANCE BOARD
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report
Balance Sheet
Notes to the Financial Statement

AUDITOR'S REPORT

To the Members of the
Students Finance Board

I have examined the balance sheet of the Students Finance Board as at March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Board as at March 31, 1987 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
August 21, 1987

STUDENTS FINANCE BOARD
BALANCE SHEET
AS AT MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
ASSETS		
Cash (Note 2)	<u>\$400</u>	<u>\$400</u>
LIABILITIES		
Due to the General Revenue Fund	<u>\$400</u>	<u>\$400</u>

The accompanying notes are part
of this financial statement.

VINCIAL COMMITTEES

**STUDENTS FINANCE BOARD
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987**

Note 1 Authority

The Board operates under the authority of the Students Finance Act, Chapter S-24, Revised Statutes of Alberta 1980, and carries out the following activities on behalf of the Province of Alberta:

- (i) Issue of certificates of eligibility for loans to be guaranteed pursuant to the Students Loan Guarantee Act and the Canada Student Loans Act. Fees are earned for administering Canada Student Loans Act certificates and are credited to the General Revenue Fund as revenue of the Department of Advanced Education.
- (ii) Authorization of the following types of expenditures, paid by the Department of Advanced Education from funds appropriated by the Legislature:
 - (a) Grants, bursaries, fellowships and scholarships.
 - (b) Partial loan repayments on behalf of students.
 - (c) Interest on student loans guaranteed pursuant to the Students Loan Guarantee Act.
 - (d) Implementation of guarantees pursuant to the Students Loan Guarantee Act.
 - (e) Administration expenses in connection with all of the activities of the Board other than the costs of accommodation and basic office equipment forming part of the general administration costs of the Department of Advanced Education.
- (iii) Authorization of scholarships paid from the Alberta Heritage Scholarship Fund.

Note 2 Cash

Cash consists of accountable advances from the General Revenue Fund.

Note 3 Approval of Financial Statement

This financial statement was approved by management.

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements
Schedule of Research Grants
Schedule of Research Expenditure for Administered Projects
Schedule of Research Grants for Projects under the On-Farm
Demonstration Program

AUDITOR'S REPORT

To the Members of the Farming
For The Future Council

I have examined the balance sheet of the Agricultural Research Council of Alberta Farming for the Future Program as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Program as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
August 28, 1987

VINCIAL COMMITTEES

**AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Current:		
Deposits in trust (Note 3)	\$276,099	\$461,774
Due from the Alberta Heritage Savings Trust Fund	<u>332,630</u>	<u>188,310</u>
	<u><u>\$608,729</u></u>	<u><u>\$650,084</u></u>
LIABILITIES AND UNEXPENDED FUNDS		
Current:		
Accounts payable	\$601,302	\$341,184
Unexpended funds	<u>7,427</u>	<u>308,900</u>
	<u><u>\$608,729</u></u>	<u><u>\$650,084</u></u>

The accompanying notes are part of these financial statements.

**AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Revenue:		
Contributions from the Province of Alberta:		
Alberta Heritage Savings Trust Fund (Note 4)	<u>\$4,710,912</u>	<u>\$4,730,426</u>
Expenditure:		
Research grants, Schedule 1:		
Universities	1,148,516	1,361,988
Other	1,676,622	1,143,745
Research expenditure for administered projects, Schedule 2	1,413,400	1,593,920
Research grants for projects under the On-Farm Demonstration Program, Schedule 3	418,191	342,804
Supplies and services	198,827	167,930
Administrative personnel costs	156,829	163,925
	<u><u>5,012,385</u></u>	<u><u>4,774,312</u></u>
Excess of expenditure over revenue	301,473	43,886
Unexpended funds at beginning of year	<u>308,900</u>	<u>352,786</u>
Unexpended funds at end of year	<u><u>\$ 7,427</u></u>	<u><u>\$ 308,900</u></u>

**AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Farming for the Future Program operates under the authority of the Department of Agriculture Act, Chapter D-12, Revised Statutes of Alberta 1980, as amended.

Pursuant to the Act, the Program was established by Ministerial Order under the administration of the Agricultural Research Council of Alberta.

Note 2 Significant Accounting Policies and Reporting Practices

(a) **Research Grants**

Research grants are recorded in these financial statements when grants have been approved for payment by the Minister of Agriculture and conditions of that approval have been formally accepted by the researchers. Unexpended balances of grant funds held in researchers' accounts are not reflected in these financial statements.

Grant funds which are returned to the Program after the completion of the project are reflected in the financial statements as a reduction of current expenditure.

(b) **Changes in Financial Position**

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Deposits in Trust

Deposits in trust consist of deposits held as follows:

	<u>1987</u>	<u>1986</u>
General Trust Account, Province of Alberta	\$276,099	\$152,874
The University of Alberta	<u>—</u>	<u>308,900</u>
	<u>\$276,099</u>	<u>\$461,774</u>

Note 4 Contributions from the Province of Alberta

The Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1986-87 provided for payments to the Program to a maximum of \$5,000,000 for the year ended March 31, 1987 (1986 \$5,000,000). This provision which enabled the Program to receive funds up to the stated maximum lapsed at March 31, 1987.

Note 5 Commitments

As at March 31, 1987 the Program had commitments totalling approximately \$3,931,000 (1986 \$4,071,000) with respect to grant applications approved by the Council but awaiting approval by the Minister of Agriculture, or where conditions of approval by the Minister have not been formally accepted by researchers.

Note 6 Administration Costs

Certain salaries and other overhead costs as well as all accommodation costs incurred in the administration of the Program have been borne by the Province of Alberta, General Revenue Fund and are not reflected in these financial statements.

Note 7 Approval of Financial Statements

These financial statements were approved by management.

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
SCHEDULE OF RESEARCH GRANTS
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
Universities:		
The University of Alberta	\$1,107,716	\$1,312,393
The University of Manitoba	35,000	7,000
The University of Calgary	5,800	43,450
The University of Saskatchewan	—	(855)
	<u>1,148,516</u>	<u>1,361,988</u>
Other:		
Veterinary Infectious Disease Organization	216,290	212,076
Alberta Agricultural Research Trust	200,000	—
Western College of Veterinary Medicine	180,387	283,874
UMA Engineering Ltd. (formerly Underwood McLennan Limited)	136,335	128,200
I & S Produce Ltd.	127,000	—
Agriculture Canada:		
Saskatchewan	111,000	111,500
British Columbia	60,800	75,000
Alberta Research Council	101,799	141,468
Nanuk Engineering	99,950	—
UFL Foods Inc.	98,000	—
Alberta Livestock Transplants Ltd.	85,000	—
Scicon Research and Development Corporation	68,536	—
Baker Engineering Enterprises Ltd.	44,137	—
Klein Economic Consulting Ltd.	32,000	—
Alberta Soil and Feed Analysis Ltd.	27,124	—
Monenco	21,890	—
Central Swine Veterinary Service	21,310	—
Rogers Engineering Inc.	20,272	—
Lakeside Research	20,000	37,500
Alberta Alfalfa Seed Producers Association	10,800	—
Olds College	9,000	11,750
P.O.S. Pilot Plant Corp.	(15,008)	—
Hardy Associates (1978) Ltd.	—	87,600
Thorlakson Feedyards Ltd.	—	30,000
Western Cooperative Fertilizers Ltd.	—	27,590
Alberta Sugar Company	—	(2,813)
	<u>1,676,622</u>	<u>1,143,745</u>
	<u>\$2,825,138</u>	<u>\$2,505,733</u>

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
SCHEDULE OF RESEARCH EXPENDITURE FOR ADMINISTERED PROJECTS
FOR THE YEAR ENDED MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
Agriculture Canada:		
Lethbridge	\$ 605,618	\$ 684,330
Beaverlodge	367,910	310,286
Lacombe	129,204	242,494
Fort Vermilion	39,484	54,945
Saskatoon	14,843	14,674
Alberta Department of Agriculture:		
Lethbridge	122,052	143,196
Lacombe	77,022	73,359
Brooks	54,638	61,537
Edmonton	2,629	9,099
	<u>\$1,413,400</u>	<u>\$1,593,920</u>

**AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
SCHEDULE OF RESEARCH GRANTS FOR PROJECTS UNDER THE
ON-FARM DEMONSTRATION PROGRAM
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Region:		
Lethbridge	\$120,623	\$ 64,398
Red Deer	86,585	56,552
Airdrie	85,093	61,320
Vermilion	49,152	37,069
Barhead	48,816	63,987
Fairview	27,922	59,478
	<u>\$418,191</u>	<u>\$342,804</u>

EDMONTON AREA HOSPITAL ADVISORY COUNCIL FUND
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report

Statement of Receipts, Payments and Fund Balance
Notes to the Financial Statement

AUDITOR'S REPORT

To the Members of the Edmonton
Area Hospital Advisory Council

I have examined the statement of receipts, payments and fund balance of the Edmonton Area Hospital Advisory Council Fund for the year ended March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the balance of the Fund as at March 31, 1987 and the receipts and payments for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statement applied on a basis consistent with that of the preceding period.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
June 9, 1987

**EDMONTON AREA HOSPITAL ADVISORY COUNCIL FUND
STATEMENT OF RECEIPTS, PAYMENTS AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 1987**

	1987	Nine Months Ended March 31, 1986
Receipts:		
Grants from Department of Hospitals and Medical Care	\$19,980	\$ 2,018
Interest	<u>258</u>	<u>338</u>
	<u>20,238</u>	<u>2,356</u>
Payments:		
Council members' fees and travel expenses	6,737	4,304
Support services	<u>6,370</u>	<u>4,700</u>
Office supplies	842	642
Miscellaneous	<u>1,067</u>	<u>355</u>
	<u>15,016</u>	<u>10,001</u>
Excess (deficiency) of receipts over payments	5,222	(7,645)
Balance at beginning of year	<u>3,270</u>	<u>10,915</u>
Balance at end of year	<u>\$ 8,492</u>	<u>\$ 3,270</u>
Represented by cash in bank accounts	<u>\$ 8,492</u>	<u>\$ 3,270</u>

The accompanying notes are part
of this financial statement.

**EDMONTON AREA HOSPITAL ADVISORY COUNCIL FUND
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987**

Note 1 Authority

The Edmonton Area Hospital Advisory Council Fund operates under the authority of an Order issued by the Minister of Hospitals and Medical Care pursuant to the Department of Hospitals and Medical Care Act, Chapter D-22, Revised Statutes of Alberta 1980, as amended.

Note 2 Reporting Practice

This financial statement has been prepared on a cash basis to show bank transactions of the Fund during the year ended March 31, 1987.

Note 3 Prior Fiscal Period

On September 19, 1985 the Council decided to change the year end from June 30 to March 31 each year, resulting in a nine month fiscal period to March 31, 1986.

Note 4 Approval of Financial Statement

This financial statement was approved by the Secretary-Treasurer.

SECTION 7

1986-87 PUBLIC ACCOUNTS

COMMERCIAL ENTERPRISES - FINANCIAL STATEMENTS

	Page
Contents:	
Introduction	7.2
Agriculture:	
Alberta Terminals Ltd.	7.3
Attorney General:	
The Alberta General Insurance Company	7.9
Community and Occupational Health:	
The Workers' Compensation Board	7.13
Economic Development and Trade:	
Alberta Intermodal Services Ltd.	7.24
Solicitor General:	
Alberta Liquor Control Board	7.28
Technology, Research and Telecommunications:	
The Alberta Government Telephones Commission	7.34
Treasury:	
Treasury Branches Deposits Fund	7.44

COMMERCIAL ENTERPRISES - FINANCIAL STATEMENTS

Introduction:

The Provincial corporations and enterprises included in this section operate on the basis of full cost supported by charges for goods or services with no subsidy from the General Revenue Fund.

Because the basis of accounting is significantly different from that used for the General Revenue Fund, and to adjust to the latter basis would result in the write-off of significant revenue earning assets, they are included in the consolidated financial statements on an equity basis whereby the Government's investment is adjusted for unremitted earnings and to reflect its share of capital transactions including loans to or from the enterprise.

ALBERTA TERMINALS LTD.
FINANCIAL STATEMENTS
JULY 31, 1986

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Terminal Operations
Schedule of Administrative Expenses

AUDITOR'S REPORT

To the Shareholders of Alberta
Terminals Ltd.

I have examined the balance sheet of Alberta Terminals Ltd. as at July 31, 1986 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of Alberta Terminals Ltd. as at July 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
October 7, 1986

ALBERTA TERMINALS LTD.
BALANCE SHEET
AS AT JULY 31, 1986

	<u>1986</u>	<u>1985</u>
ASSETS		
Current:		
Cash and term deposits	\$ 9,996,482	\$10,338,495
Accounts receivable	497,340	294,482
Accrued interest receivable	85,034	289,810
Accrued storage and elevation fees	224,045	112,822
Inventories	370,777	352,340
Prepaid expenses and other assets	194,258	168,462
	<u>11,367,936</u>	<u>11,556,411</u>
Fixed assets (Note 3)	<u>9,504,115</u>	<u>9,148,496</u>
	<u><u>\$20,872,051</u></u>	<u><u>\$20,704,907</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current:		
Trade accounts payable and accrued charges	\$ 360,055	\$ 603,039
Deferred revenue (Note 4)	199,451	19,892
Capital accounts payable	35,645	373,406
	<u>595,151</u>	<u>996,337</u>
Shareholders' equity:		
Share capital:		
Authorized - unlimited number of common shares with no par value		
Issued - 70,114 common shares	17,528,500	17,528,500
Retained earnings	2,748,400	2,180,070
	<u>20,276,900</u>	<u>19,708,570</u>
	<u><u>\$20,872,051</u></u>	<u><u>\$20,704,907</u></u>

The accompanying notes are part
of these financial statements.

COMMERCIAL ENTERPRISES

ALBERTA TERMINALS LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED JULY 31, 1986

	1986	1985
Revenue	\$3,713,663	\$3,735,379
Terminal operation expenses	<u>3,260,872</u>	<u>3,045,572</u>
Gross operating profit from terminals, Schedule 1	<u>452,791</u>	<u>689,807</u>
Other income (expenses):		
Interest income	802,845	1,153,974
Rental and other	73,363	—
Workers' Compensation Board refund	—	43,266
Administrative expenses, Schedule 2	(750,220)	(924,225)
Loss on disposal of fixed assets	(10,449)	(25,924)
Truck operating costs, net	<u>—</u>	<u>(18,716)</u>
	<u>115,539</u>	<u>228,375</u>
Net income for the year	568,330	918,182
Retained earnings at beginning of year	<u>2,180,070</u>	<u>1,261,888</u>
Retained earnings at end of year	<u>\$2,748,400</u>	<u>\$2,180,070</u>

ALBERTA TERMINALS LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED JULY 31, 1986

	1986	1985
Cash provided by (used in) operating activities:		
Net income for the year	\$ 568,330	\$ 918,182
Add items not affecting cash:		
Depreciation	467,530	426,384
Loss on disposal of fixed assets	<u>10,449</u>	<u>25,924</u>
	<u>1,046,309</u>	<u>1,370,490</u>
Net change in non-cash balances relating to operations	<u>(554,724)</u>	<u>(6,402)</u>
Cash provided by operating activities	<u>491,585</u>	<u>1,364,088</u>
Cash provided by (used in) investing activities:		
Purchase of fixed assets	(851,985)	(1,314,812)
Proceeds on disposal of fixed assets	<u>18,387</u>	<u>62,940</u>
Cash used in investing activities	<u>(833,598)</u>	<u>(1,251,872)</u>
Net (decrease) increase in cash and term deposits during the year	(342,013)	112,216
Cash and term deposits at beginning of year	10,338,495	10,226,279
Cash and term deposits at end of year	<u>\$ 9,996,482</u>	<u>\$10,338,495</u>

ALBERTA TERMINALS LTD.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 1986

Note 1 Authority

Alberta Terminals Ltd. was incorporated on September 19, 1979 under The Companies Act of the Province of Alberta. It was subsequently continued under the Alberta Business Corporations Act on June 30, 1983 at which time its authorized shares were changed from 100,000 common shares with no par value to an unlimited number of common shares with no par value.

Note 2 Significant Accounting Policies

(a) Inventories

Inventories of grain and screenings are valued at established delivery prices at the balance sheet date.

(b) Fixed Assets and Depreciation

Fixed assets are recorded at cost. Engineering costs and overheads relating to the terminal rehabilitation program are capitalized in the accounts. Depreciation is charged at rates designed to amortize the cost of assets over their estimated useful lives as follows:

Buildings	40 years straight-line
Equipment	10% declining-balance
Building improvements	5% to 15% declining-balance
Computer	7 years straight-line
Engineering studies	5 years straight-line
Automotive	20% declining-balance
Furniture and fixtures	20% declining-balance

(c) Revenue Recognition

Two-thirds of revenue derived from elevation is taken into income when the grain is received. One-third of the elevation fees are taken into income when the grain is shipped. Storage charges are recorded in the accounts on a monthly basis. Unbilled revenue is recorded using the tariff rates in effect at the balance sheet date.

Note 3 Fixed Assets

Fixed assets consist of the following:

	1986		1985	
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 2,917,930	\$ —	\$2,917,930	\$2,900,000
Buildings	3,574,270	449,332	3,124,938	3,224,750
Equipment	2,609,559	881,809	1,727,750	2,137,260
Building improvements	1,971,307	514,893	1,456,414	592,916
Computer	150,190	50,957	99,233	126,277
Engineering studies	197,461	166,159	31,302	70,794
Automotive	115,373	22,038	93,335	55,039
Furniture and fixtures	100,283	47,070	53,213	41,460
	<u>\$11,636,373</u>	<u>\$2,132,258</u>	<u>\$9,504,115</u>	<u>\$9,148,496</u>

Note 4 Deferred Revenue

Deferred revenue represents one-third of elevation charges invoiced for grain on hand at year-end.

A comparison of relative balances is presented as follows:

	1986	1985
Tonnes on hand at end of year	<u>82,041</u>	<u>8,272</u>
Total elevation charges invoiced on above	<u>\$598,352</u>	<u>\$59,676</u>
Deferred revenue - (one-third)	<u>\$199,451</u>	<u>\$19,892</u>

Note 5 Pension Plan

The Corporation has a pension plan covering substantially all its employees. The most recent independent actuarial valuation, effective December 31, 1983, indicates a surplus of \$161,200 in the plan. As a result, the Company's contributions have been reduced from 6.2% to 5.2% of payroll up to the expected date of the next actuarial valuation, December 31, 1986.

IMERCIAL ENTERPRISES**Note 6 Comparative Figures**

The 1985 figures have been reclassified where necessary to conform to the 1986 presentation.

Note 7 Approval of Financial Statements

These financial statements have been reviewed by the Audit Committee and recommended to the Board for approval.

Schedule 1

**ALBERTA TERMINALS LTD.
SCHEDULE OF TERMINAL OPERATIONS
FOR THE YEAR ENDED JULY 31, 1986**

	<u>Calgary</u>	<u>Edmonton</u>	<u>Lethbridge</u>	<u>High Level</u>	<u>1986 Total</u>	<u>1985 Total</u>
Revenue:						
Elevation, cleaning, drying and storage	\$1,128,021	\$1,221,105	\$ 621,429	\$ 9,137	\$2,979,692	\$2,639,011
Grain refuse sales	245,945	380,866	107,160	—	733,971	1,096,368
	<u>1,373,966</u>	<u>1,601,971</u>	<u>728,589</u>	<u>9,137</u>	<u>3,713,663</u>	<u>3,735,379</u>
Expenses:						
Salaries, wages and benefits	421,705	634,879	418,688	44,388	1,519,660	1,431,972
Depreciation	104,447	110,430	147,087	20,350	382,314	335,780
Property taxes	148,639	149,832	77,621	2,320	378,412	359,982
Fuel and utilities	85,495	94,381	58,946	706	239,528	207,896
Terminal usage rebates	48,671	124,546	13,113	—	186,330	180,462
Materials and supplies	29,050	72,611	5,053	1,464	108,178	11,613
Trucking subsidy	12,542	25,766	60,482	—	98,790	143,904
Repairs and maintenance	40,065	15,830	12,447	2,832	71,174	60,259
Telephone, office and courier	15,488	14,754	16,764	6,622	53,628	52,985
Insurance	17,635	19,191	11,092	4,422	52,340	33,019
Advertising and promotion	13,195	13,046	11,295	6,214	43,750	40,322
Travel and entertainment	13,630	11,734	14,195	2,551	42,110	38,816
Grain refuse purchases	—	3,774	17,198	—	20,972	47,505
Professional fees	3,556	4,439	4,013	458	12,466	28,520
Transportation	2,775	2,970	2,090	2,398	10,233	52,603
Bad debts	—	10,000	—	—	10,000	—
Miscellaneous	5,916	13,104	4,509	7,458	30,987	19,934
	<u>962,809</u>	<u>1,321,287</u>	<u>874,593</u>	<u>102,183</u>	<u>3,260,872</u>	<u>3,045,572</u>
Gross operating profit (loss)	<u>\$ 411,157</u>	<u>\$ 280,684</u>	<u>\$ (146,004)</u>	<u>\$ (93,046)</u>	<u>\$ 452,791</u>	<u>\$ 689,807</u>

ALBERTA TERMINALS LTD.
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JULY 31, 1988

	1986	1985
Salaries and benefits	\$373,150	\$490,104
Depreciation	85,216	78,854
Directors' travel	58,894	79,381
Professional fees	56,879	33,491
Travel	48,124	48,668
Telephone, utilities and courier	41,144	45,179
Promotion	23,738	21,501
Materials and office supplies	15,441	16,611
Repairs and maintenance	13,126	22,819
Insurance and property taxes	11,724	17,906
Office and equipment rent	9,344	30,400
Dues and fees	6,935	9,750
Security	2,968	3,073
Bank charges	2,251	14,594
Contract services	—	8,728
Miscellaneous	1,286	3,166
	<u>\$750,220</u>	<u>\$924,225</u>

THE ALBERTA GENERAL INSURANCE COMPANY
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Operations and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To The Board of Directors of
The Alberta General Insurance Company

I have examined the balance sheet of The Alberta General Insurance Company as at December 31, 1986 and the statement of operations and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at December 31, 1986 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
January 27, 1987

**THE ALBERTA GENERAL INSURANCE COMPANY
BALANCE SHEET
AS AT DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
ASSETS		
Cash	\$ 356,300	\$ 2,562
Premiums receivable	—	165,000
Reinsurance accounts receivable	113,548	31,523
Estimated reinsurance loss claims recoverable	844	147,656
Accrued interest	8,277	—
Other receivables	<u>35</u>	<u>—</u>
	<u>\$479,004</u>	<u>\$346,741</u>
LIABILITIES, RESERVE AND SURPLUS (DEFICIT)		
Promissory notes	\$ —	\$ 70,000
Estimated claims payable	3,375	198,375
Premium tax payable	7,130	3,301
Sundry accounts payable	1,600	3,125
Unearned premiums	<u>19</u>	<u>165,044</u>
	<u>12,124</u>	<u>439,845</u>
Reserve for reinsurance ceded to unregistered companies	28,541	44,705
Surplus (deficit)	<u>438,339</u>	<u>(137,809)</u>
	<u>\$479,004</u>	<u>\$346,741</u>

The accompanying notes are part
of these financial statements.

MERCIAL ENTERPRISES

**THE ALBERTA GENERAL INSURANCE COMPANY
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
Underwriting:		
Revenue:		
Premiums earned, net of cancellations and returns	\$ 521,509	\$ 6
Expense:		
Claims, net of reinsurance and salvage	(25,744)	(4,955)
Premium tax	7,130	3,301
Administrative and general expenses	2,484	18,717
Total expense	<u>(16,130)</u>	<u>17,063</u>
Underwriting profit (loss)	<u>537,639</u>	<u>(17,057)</u>
Other income:		
Interest	22,840	1,674
Gain on sale of bonds	—	12,181
Sundry	(495)	49
Total other income	<u>22,345</u>	<u>13,904</u>
Operating surplus (deficit) for the year	<u>559,984</u>	<u>(3,153)</u>
Deficit at beginning of year	<u>(137,809)</u>	<u>(194,192)</u>
Decrease in reserve for reinsurance ceded to unregistered companies	16,164	59,536
Surplus (deficit) at end of year	<u>\$ 438,339</u>	<u>\$(137,809)</u>

**THE ALBERTA GENERAL INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986**

Note 1 Authority

The Alberta General Insurance Company operates under the authority of The Alberta General Insurance Company Act, Chapter 9, Statutes of Alberta 1948.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with accounting practices appropriate to Canadian insurance companies or as prescribed by the Alberta Insurance Act. These accounting practices differ from generally accepted accounting principles in that a reserve for reinsurance ceded to companies not registered or licensed in Canada is required to include amounts owed by such companies. A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Cessation of Business

During 1983 it was decided by the Company's directors that with the exception of one policy covering certain government property, The Alberta General Insurance Company would cease active business operations effective October 31, 1984.

During the current year a policy was renewed to January 1, 1987 and the government property policy continues to be in effect until September 20, 1987.

The ending of active business operations has the following effects:

- (a) The Province of Alberta guarantees claims under section 16(2) of The Alberta General Insurance Company Act. Claims may be reported for one year after occurrence for a property loss and two years for a liability claim. Therefore, it is possible that policies that expire in 1987 may have claims reported against them until 1989 and that the Province may be liable to pay claims, should the Company's assets prove to be insufficient.
- (b) At December 31, 1986 the Company has losses carried forward for income tax purposes in the amount of \$57,050. When the Company ceases business, the benefits of these losses carried forward will be lost.

Note 4 Approval of Financial Statements

These financial statements were approved by management.

THE WORKERS' COMPENSATION BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Changes in Accident Fund Balance
Summarized Statement of Operating Transactions
Statement of Reserve for Unfinalled Claims
Statement of Pension Fund
Statement of Reserves for Specific Claim Costs
Statement of Administrative, General and Accident Prevention Expenses
Statement of Rehabilitation Centre Operations
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The
Workers' Compensation Board

I have examined the balance sheet of The Workers' Compensation Board as at December 31, 1986 and the following statements for the year then ended:

Statement of Changes in Accident Fund Balance
Summarized Statement of Operating Transactions
Statement of Reserve for Unfinalled Claims
Statement of Pension Fund
Statement of Reserves for Specific Claim Costs
Statement of Administrative, General and Accident Prevention Expenses
Statement of Rehabilitation Centre Operations

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1986 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, except for the change in the method of accounting for losses on fixed term investments and for significant permanent reductions in the value of mortgages and real estate as described in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
March 30, 1987

THE WORKERS' COMPENSATION BOARD
BALANCE SHEET
AS AT DECEMBER 31, 1986
(in thousands of dollars)

	1986	1985
ASSETS		
Cash	\$ 28,897	\$ 81,132
Term deposits (Note 4)	76,799	138,096
Assessments receivable (Note 5)	22,109	29,240
Accounts receivable	2,862	3,332
Advances to pensioners	2,429	3,224
Accrued interest	22,803	23,191
Investments (Note 4)	1,104,324	956,437
Land, buildings and equipment (Note 6)	11,379	12,804
Deferred charges and other assets (Note 7)	3,141	22,262
	<u>\$1,274,743</u>	<u>\$1,269,718</u>
LIABILITIES AND RESERVES		
Accounts payable	\$ 1,948	\$ 3,450
Deferred revenue (Note 8)	1,898	—
Employers' deposit accounts	480	309
Estimated merit rebates (Note 9)	—	76,375
Reserve for unfinalled claims	541,400	338,000
Pension fund	682,100	640,600
Reserves for specific claim costs	336,600	324,300
Reserve for loss on realization of investments	—	15,900
Accident fund balance (deficit)	(289,683)	(129,216)
	<u>\$1,274,743</u>	<u>\$1,269,718</u>

The accompanying notes are part
of these financial statements.

MERCIAL ENTERPRISES

THE WORKERS' COMPENSATION BOARD
STATEMENT OF CHANGES IN ACCIDENT FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

	<u>1986</u>	<u>1985</u>
BALANCE AT BEGINNING OF YEAR	\$(129,216)	\$(114,254)
Add:		
Operating surplus (deficit)	(59,395)	(57,722)
Rehabilitation Centre operations (Note 10)	(1,029)	—
Closure of reserve for loss on realization of investments	<u>15,900</u>	<u>—</u>
	<u>(173,740)</u>	<u>(171,976)</u>
Deduct:		
Write down of proposed facility	—	4,673
Write down of deposit of land (Note 7)	3,000	—
Transfer to (from):		
Reserve for unfinalled claims	129,533	1,735
Pension fund	(44,563)	(116,632)
Reserves for specific claim costs	<u>27,973</u>	<u>67,464</u>
	<u>115,943</u>	<u>(42,760)</u>
BALANCE AT END OF YEAR	<u>\$(289,683)</u>	<u>\$(129,216)</u>

THE WORKERS' COMPENSATION BOARD
SUMMARIZED STATEMENT OF OPERATING TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

	Self- Insurers	Industry	1986 Total	1985 Total
REVENUE				
Assessments	\$11,277	\$290,691	\$301,968	\$344,766
Deduct: Estimated or adjusted merit rebates (Note 9)	<u>—</u>	<u>—</u>	<u>—</u>	<u>76,730</u>
	<u>11,277</u>	<u>290,691</u>	<u>301,968</u>	<u>268,036</u>
Investment income	(25)	129,453	129,428	128,724
Deduct: Portion allocated (Note 11)	<u>—</u>	<u>135,294</u>	<u>135,294</u>	<u>130,128</u>
	<u>(25)</u>	<u>(5,841)</u>	<u>(5,866)</u>	<u>(1,404)</u>
	<u>\$11,252</u>	<u>\$284,850</u>	<u>\$296,102</u>	<u>\$266,632</u>
EXPENDITURE				
Claim costs (Note 12)	\$10,979	\$305,289	\$316,268	\$267,995
Deduct portion charged to:				
Reserve for unfinalled claims	<u>—</u>	<u>119,623</u>	<u>119,623</u>	<u>98,573</u>
Reserves for specific claim costs	<u>876</u>	<u>97,455</u>	<u>98,331</u>	<u>77,359</u>
	<u>10,103</u>	<u>88,211</u>	<u>98,314</u>	<u>92,063</u>
Provision for:				
Reserve for unfinalled claims	<u>—</u>	<u>116,400</u>	<u>116,400</u>	<u>101,399</u>
Reserves for specific claim costs	<u>—</u>	<u>96,386</u>	<u>96,386</u>	<u>91,196</u>
Administrative and general expenses (Note 10)	<u>1,092</u>	<u>37,426</u>	<u>38,518</u>	<u>30,900</u>
Occupational Health and Safety (Note 13)	<u>57</u>	<u>5,822</u>	<u>5,879</u>	<u>6,180</u>
	<u>\$11,252</u>	<u>\$344,245</u>	<u>\$355,497</u>	<u>\$321,738</u>
PROVISIONAL SURPLUS (DEFICIT)	<u>\$ —</u>	<u>\$(59,395)</u>	<u>\$(59,395)</u>	<u>\$(55,106)</u>
Deduct: Appropriation for reserve for loss on realization of investments			<u>—</u>	<u>2,616</u>
OPERATING SURPLUS (DEFICIT)			<u>\$(59,395)</u>	<u>\$(57,722)</u>

MERCIAL ENTERPRISES

THE WORKERS' COMPENSATION BOARD
STATEMENT OF RESERVE FOR UNFINALLED CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

	1986	1985
AMOUNTS PROVIDED		
By industry in respect of current year	\$116,400	\$101,399
Investment income (Note 11)	31,390	30,176
	<u>147,790</u>	<u>131,575</u>
AMOUNT APPLIED		
Claim costs in respect of prior years (Note 12)	119,623	98,573
NET INCREASE		
Balance at beginning of year	28,167	33,002
	<u>338,000</u>	<u>303,263</u>
Transfer from (to) accident fund balance	366,167	336,265
	<u>129,533</u>	<u>1,735</u>
Transfer from rehabilitation reserve (Note 10)	495,700	338,000
BALANCE AT END OF YEAR	<u>45,700</u>	<u>—</u>
	<u>\$541,400</u>	<u>\$338,000</u>

THE WORKERS' COMPENSATION BOARD
STATEMENT OF PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

	1986	1985
AMOUNTS PROVIDED		
Pension awards (Note 12)	\$120,707	\$ 107,803
Investment income (Note 11)	71,932	77,527
Province of Alberta (Note 14)	16,805	16,186
	<u>209,444</u>	<u>201,516</u>
AMOUNT APPLIED		
Pension payments	122,586	97,143
Deduct: Increase (decrease) in advances to pensioners	(795)	(396)
	<u>123,381</u>	<u>97,539</u>
NET INCREASE		
Balance at beginning of year	86,063	103,977
	<u>640,600</u>	<u>653,255</u>
Transfer from (to) accident fund balance	726,663	757,232
	<u>(44,563)</u>	<u>(116,632)</u>
BALANCE AT END OF YEAR	<u>\$682,100</u>	<u>\$640,600</u>

THE WORKERS' COMPENSATION BOARD
STATEMENT OF RESERVES FOR SPECIFIC CLAIM COSTS
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

	Rehabilitation	Enhanced Disabilities	1986 Total	1985 Total
AMOUNTS PROVIDED				
By industry in respect of current year	\$ 14,430	\$ 81,956	\$ 96,386	\$ 91,196
Investment income (Note 11)	3,721	28,251	31,972	22,425
	<u>18,151</u>	<u>110,207</u>	<u>128,358</u>	<u>113,621</u>
AMOUNTS APPLIED				
Claim costs (Note 12)	13,643	84,688	98,331	77,359
Rehabilitation Centre operating deficit	—	—	—	491
Administrative and general expenses	—	—	—	3,163
	<u>13,643</u>	<u>84,688</u>	<u>98,331</u>	<u>81,013</u>
NET INCREASE (DECREASE)				
Balance at beginning of year	4,508	25,519	30,027	32,608
	<u>38,500</u>	<u>285,800</u>	<u>324,300</u>	<u>224,228</u>
Transfer from (to) accident fund balance	43,008	311,319	354,327	256,836
	<u>30,292</u>	<u>(2,319)</u>	<u>27,973</u>	<u>67,464</u>
Transfer from (to) reserves (Note 10)	73,300	309,000	382,300	324,300
	<u>(73,300)</u>	<u>27,600</u>	<u>(45,700)</u>	<u>—</u>
BALANCE AT END OF YEAR	\$ —	\$336,600	\$336,600	\$324,300

IMERCIAL ENTERPRISES

**THE WORKERS' COMPENSATION BOARD
STATEMENT OF ADMINISTRATIVE, GENERAL AND
ACCIDENT PREVENTION EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1986**
(in thousands of dollars)

	1986	1985
Salaries and employee benefits	\$28,795	\$26,318
Depreciation of buildings and equipment	2,177	1,133
Data processing and office equipment		
rentals and maintenance	1,731	1,734
Maintenance, rental and operation of buildings	967	787
Telephone	787	694
Printing and office supplies	756	550
Audit, legal and other professional fees	748	228
Travelling	572	556
Postage, freight and express	564	526
Professional and technical memberships, publications, courses and seminars	409	335
Taxes	327	320
Media productions and advertising	131	106
Insurance and security services	104	94
Staff recruitment and relocation	70	126
Miscellaneous	135	85
	38,273	33,592

Add:

Occupational Health and Safety (Note 13)	5,879	6,180
Alberta Health Care administration cost	180	180
Research grants	75	—
Administrative claim costs	315	536
	6,449	6,896

Deduct:

Rental revenue	6	14
Miscellaneous revenue	319	231
	325	245
	\$44,397	\$40,243

CHARGED TO:

Industry re:		
Administrative and general	\$37,426	\$29,474
Occupational Health and Safety	5,822	5,979
Self-insurers re:		
Administrative and general	1,092	1,426
Occupational Health and Safety	57	201
Reserve for rehabilitation (Note 10)	—	3,163
	\$44,397	\$40,243

**THE WORKERS' COMPENSATION BOARD
STATEMENT OF REHABILITATION CENTRE OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986**
(in thousands of dollars)

	<u>1986</u>	<u>1985</u>
REVENUE		
Treatment charges	\$ 4,922	\$5,220
Other	<u>373</u>	<u>273</u>
	<u>5,295</u>	<u>5,493</u>
EXPENDITURE		
Salaries and employee benefits	4,629	4,533
Maintenance and operation of building and equipment	494	454
Medical and therapy supplies	387	334
Cafeteria	198	151
Depreciation of building and equipment	195	192
Medical consulting fees	95	15
Telephone	88	81
Transportation of patients	52	56
Professional and technical memberships, publications, courses and seminars	46	40
Laundry service and uniforms	31	36
Printing and office supplies	27	18
Travelling	20	19
Staff recruitment and relocation	18	14
Miscellaneous	<u>44</u>	<u>41</u>
	<u>6,324</u>	<u>5,984</u>
OPERATING SURPLUS (DEFICIT)	<u><u>\$(1,029)</u></u>	<u><u>\$(491)</u></u>

**THE WORKERS' COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986**

Note 1 Authority

The Workers' Compensation Board operates under the authority of the Workers' Compensation Act, Statutes of Alberta, 1981, Chapter W-16, as amended.

Note 2 Significant Accounting Policies**General:**

These financial statements have been prepared in accordance with generally accepted accounting principles except for the following:

- (i) A gain or loss on sale of a fixed term investment is deferred and amortized to the lesser of ten years or the appropriate maturity or call date of the disposed investment.
- (ii) A gain or loss on sale of an equity is deferred and amortized to investment income at 15% per annum, applied to the unamortized balance. Unrealized gains and losses are also amortized to investment income at 15% per annum, applied to the unamortized balance.
- (iii) Assessment revenue is adjusted by the allowance for doubtful assessments receivable.

Assessments Receivable:

Assessments receivable and assessment revenue are increased by an amount that is the net adjustment estimated to be required when all employers' payroll returns are received and payroll audits completed in respect to 1986.

Depreciation:

Depreciation is recorded as follows:

Central office building	2½% diminishing balance
Regional office buildings and	
Rehabilitation Centre	2½% straight line
Equipment - Data processing	35% diminishing balance
- Other	15% diminishing balance
Automobiles	25% straight line (first year) 20% straight line (thereafter)

Translation of Foreign Currency:

All assets and liabilities held in foreign currency are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date except investments and term deposits which are translated at historical exchange rates.

Actuarial Liabilities:

Actuarial liabilities are the present value amounts estimated to be required to meet the future costs of claims in respect of current and prior years' accidents and are reviewed annually by an independent consulting actuary.

Accident Fund Balance Transfers:

The reserves and fund balances are maintained equal to the actuarial liabilities. Where there is a shortfall or excess between a reserve or fund balance and the calculated present value of the liability as at the balance sheet date, the difference is transferred from or to the accident fund balance.

Note 3 Changes in Accounting Policies

Prior to 1986, losses on fixed term investments and significant permanent reductions in the value of mortgages and real estate were charged to the reserve for loss on realization of investments. The annual provision for the reserve was appropriated from the operating deficit.

In 1986, the Board authorized the closure of this reserve and the balance transferred to the accident fund balance. Losses on fixed term investments and significant permanent reductions in the value of mortgages and real estate will now be charged to the accident fund balance when they are recognized. If this change in accounting policy had been applied retroactively, the effect would have been to reduce the 1985 opening accident fund balance by \$16,876,000, to reduce the 1985 operating deficit by \$2,616,000 and to show a charge to the accident fund balance in 1985 of \$3,592,000 for the write down of a real estate investment.

Note 4 Term Deposits and Investments

Term deposits are recorded at amortized cost and consist of certificates of deposit, guaranteed investment certificates, treasury bills and promissory notes.

Investments are recorded at amortized cost with the exception of real estate and equities which are at cost.

The approximate market value of investments as at December 31, 1986 amounts to \$1,240,957,000 (1985 - \$1,071,848,000).

Note 5 Assessments Receivable

In accordance with the accounting policy described in Note 2, assessments receivable and assessment revenue have been increased by \$15,707,000 (1985 - \$21,709,000).

The allowance for doubtful assessments receivable as at December 31, 1986 amounts to \$2,600,000 (1985 - \$3,500,000). Net bad debt write offs totalling \$1,409,000 (1985 - \$890,000) have been charged to the allowance. Assessments receivable are disclosed net of the allowance for doubtful assessments receivable.

Note 6 Land, Buildings and Equipment

Land, buildings and equipment are as follows (in thousands of dollars):

	1986		1985
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 604	\$ —	\$ 604
Buildings	9,402	3,664	5,738
Equipment	<u>9,907</u>	<u>4,870</u>	<u>5,037</u>
	<u>\$19,913</u>	<u>\$8,534</u>	<u>\$11,379</u>
			<u>\$12,804</u>

Note 7 Deferred Charges and Other Assets

Deferred charges and other assets are as follows (in thousands of dollars):

	1986	1985
Amortized gain or loss on equities, net (Note 2(ii))	\$2,039	\$ 4,835
Unamortized software costs	900	220
Leasehold improvements	202	—
Unamortized net loss on sale of fixed term investments	—	14,207
Deposit for purchase of land	—	3,000
	<u>\$3,141</u>	<u>\$22,262</u>

A decision by the Board not to proceed with a proposed administration and rehabilitation centre facility has resulted in a write off of the deposit for the purchase of land to the accident fund balance.

Note 8 Deferred Revenue

Deferred revenue is the net unamortized gain on sale of fixed term investments.

Note 9 Estimated Merit Rebates

Prior to 1986, an estimated liability was established for payment of merit rebates.

In 1986, a revised assessment program was implemented and an estimated liability for future merit rebates is no longer required. Any adjustments to merit rebates in respect of 1985 and prior years' assessment revenue are included in Assessments.

Note 10 Reserve for Rehabilitation

Prior to 1986, the reserve for rehabilitation had charged to it claim costs for rehabilitating injured workers, administrative costs relating to those claims and the operating results of the Rehabilitation Centre.

In 1986, the Board approved the closure of this reserve. The liability is transferred to the reserve for unfinalled claims and the reserve for enhanced disabilities. Administrative costs for those claims formerly charged to the reserve are included in the Summarized Statement of Operating Transactions and the operating results of the Rehabilitation Centre are charged to the accident fund balance.

Note 11 Investment Income Allocation

The investment income has been allocated as follows (in thousands of dollars):

	1986	1985
Reserve for unfinalled claims	\$ 31,390	\$ 30,176
Pension fund	71,932	77,527
Reserves for specific claim costs	<u>31,972</u>	<u>22,425</u>
	<u>\$135,294</u>	<u>\$130,128</u>

COMMERCIAL ENTERPRISES

Note 12 Claim Costs

Claim costs are as follows (in thousands of dollars):

	Industry				
	Self- Insurers	1986	Prior Years	1986 Total	1985 Total
Compensation	\$ 3,409	\$57,269	\$ 87,112	\$147,790	\$116,335
Pension awards	5,165	19,673	94,810	119,648	106,450
Medical aid	2,405	18,955	27,470	48,830	45,210
	10,979	95,897	209,392	316,268	267,995
Deduct portion charged to:					
Reserve for unfinished claims	—	—	119,623	119,623	98,573
Reserves for specific claim costs	876	7,686	89,769	98,331	77,359
	\$10,103	\$88,211	\$ —	\$ 98,314	\$ 92,063

Medical aid includes reimbursements to Alberta Health Care Insurance Fund for payment of basic health services provided to injured workers in the amount of \$11,546,000 (1985 - \$9,855,000). Also included are charges in the amount of \$5,295,000 (1985 - \$5,493,000) for treatment of injured workers at the Rehabilitation Centre.

Pension awards are net of recoveries credited to employers' accident experience in the amount of \$1,059,000 (1985 - \$1,353,000). These pension award recoveries are retained in the Pension Fund.

Note 13 Occupational Health and Safety

In accordance with Order in Council 51/86 dated January 23, 1986 The Workers' Compensation Board paid to the Provincial Treasurer an amount of \$5,879,000 in 1986 to partially defray the costs of administering the Occupational Health and Safety Act.

Note 14 Additional Payments of Compensation

Reimbursement is received from the General Revenue Fund of the Province of Alberta to cover payments made under Sections 42, 52 and 71 of the Act.

Note 15 Comparative Figures

The 1985 figures are reclassified where necessary to conform to 1986 presentation.

Note 16 Approval of Financial Statements

These financial statements were approved by the Board.

ALBERTA INTERMODAL SERVICES LTD.
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Net Loss and Deficit
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Business Development Expenses

AUDITOR'S REPORT

To the Shareholder of Alberta
Intermodal Services Ltd.

I have examined the balance sheet of Alberta Intermodal Services Ltd. as at December 31, 1986 and the statements of net loss and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of Alberta Intermodal Services Ltd. as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Donald D. Salmon

C.A.

Edmonton, Alberta
March 13, 1987

Auditor General

COMMERCIAL ENTERPRISES

ALBERTA INTERMODAL SERVICES LTD.
BALANCE SHEET
DECEMBER 31, 1986

	1986	1985
ASSETS		
Current:		
Cash	\$ 9,528,010	\$13,623,695
Trade receivables	1,632,203	—
Prepaid expenses and advances	39,122	6,227
	<u>11,199,335</u>	<u>13,629,922</u>
Deferred:		
Business development expenses	—	460,299
Fixed assets (Note 3)	<u>7,727,241</u>	<u>7,324,771</u>
	<u>\$18,926,576</u>	<u>\$21,414,992</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current:		
Accounts payable	\$ 474,982	\$ 1,036,849
Accrued expenses	290,617	—
Deferred revenue	23,770	—
	<u>789,369</u>	<u>1,036,849</u>
Shareholder's equity:		
Share capital:		
Authorized - unlimited number of common shares without par value		
Issued - 20,000 shares	20,000,000	20,000,000
Surplus (deficit)	<u>(1,862,793)</u>	<u>378,143</u>
	<u>18,137,207</u>	<u>20,378,143</u>
	<u>\$18,926,576</u>	<u>\$21,414,992</u>

The accompanying notes are part
of these financial statements.

ALBERTA INTERMODAL SERVICES LTD.
STATEMENT OF NET LOSS AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1986

	1986	1985
		(Note 1)
Sales	\$ 6,848,199	\$ —
Cost of sales	<u>7,170,657</u>	<u>—</u>
Gross operating loss	<u>(322,458)</u>	<u>—</u>
Expenses:		
Operating	612,582	—
General and administrative	595,081	—
Marketing and sales	463,627	—
Depreciation and amortization	235,466	—
Business development, Schedule 1	<u>1,080,188</u>	<u>—</u>
	<u>2,986,944</u>	<u>—</u>
Operating loss	(3,309,402)	—
Interest income	1,068,466	378,143
Net income (loss) for the year	<u>(2,240,936)</u>	<u>378,143</u>
Surplus at beginning of year	378,143	—
Surplus (deficit) at end of year	<u>\$1,862,793</u>	<u>\$378,143</u>

ALBERTA INTERMODAL SERVICES LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986

	<u>1986</u>	<u>1985</u>
		(Note 1)
Operating activities:		
Net income (loss) for the year	\$(2,240,936)	\$ 378,143
Write-off of business development expenses	460,299	—
Depreciation and amortization	235,466	—
Loss on disposal of fixed assets	1,982	—
Net change in non-cash working capital balances	<u>(1,912,578)</u>	<u>1,030,622</u>
	<u>(3,455,767)</u>	<u>1,408,765</u>
Investing activities:		
Purchase of fixed assets	(642,578)	(7,324,771)
Proceeds from disposal of fixed assets	2,660	—
Business development costs	<u>—</u>	<u>(460,299)</u>
	<u>(639,918)</u>	<u>(7,785,070)</u>
Financing activities:		
Common shares issued	<u>—</u>	<u>20,000,000</u>
Increase (decrease) in cash during the year	(4,095,685)	13,623,695
Cash at beginning of year	<u>13,623,695</u>	<u>—</u>
Cash at end of year	<u><u>\$ 9,528,010</u></u>	<u><u>\$13,623,695</u></u>

ALBERTA INTERMODAL SERVICES LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Company was incorporated on May 27, 1985 under the Business Corporations Act, Chapter B-15, Statutes of Alberta 1981, and commenced operations on January 2, 1986.

All the issued common shares of the Company are held by the Province of Alberta and accordingly the Company is exempt from income tax.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and amortization.

Depreciation and amortization is calculated on the straight-line method over the estimated useful lives of the assets at the following annual rates:

Yard improvements	5%
Buildings	10%
Office furniture and equipment	20%
Leasehold improvements	20%

(b) Business Development Expenses

Business development expenses deferred at December 31, 1985 represented all expenditures incurred prior to the start of operations. During the year ended December 31, 1986, these expenses were fully written off to operations.

Expenses incurred during the year ended December 31, 1986 towards the development of business operating systems and the promotion of the Company's services have been charged directly to operations.

COMMERCIAL ENTERPRISES**Note 3 Fixed Assets**

Fixed assets consist of the following:

	December 31, 1986			1985
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Cost
Land	\$4,789,382	\$ —	\$4,789,382	\$4,783,601
Yard improvements	2,211,092	110,555	2,100,537	1,990,448
Buildings	508,964	50,896	458,068	458,174
Office furniture and equipment	441,842	72,638	369,204	92,548
Leasehold improvements	11,064	1,014	10,050	—
	<u>\$7,962,344</u>	<u>\$235,103</u>	<u>\$7,727,241</u>	<u>\$7,324,771</u>

Note 4 Commitments

The Company has entered into contractual arrangements to place with a carrier a minimum volume of traffic with an approximate cost at current rates of \$21 million, over a period of four years ending December 31, 1990.

The Company is committed to a minimum usage of leased rail car equipment at a cost of \$252,000 for the year ending December 31, 1987.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

Schedule 1

**ALBERTA INTERMODAL SERVICES LTD.
SCHEDULE OF BUSINESS DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1986**

Consulting	\$ 237,128
Systems analysis and programming	272,687
Advertising	74,756
Other	35,318
	<u>619,889</u>
Business development expenses deferred at December 31, 1985 fully written off during 1986	<u>460,299</u>
	<u><u>\$1,080,188</u></u>

ALBERTA LIQUOR CONTROL BOARD
FINANCIAL STATEMENTS
JANUARY 6, 1987

Auditor's Report
Balance Sheet
Statement of Income
Statement of Income Remitted to Provincial Treasurer
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Liquor Control Board

I have examined the balance sheet of the Alberta Liquor Control Board as at January 6, 1987 and the statements of income, income remitted to Provincial Treasurer and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at January 6, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
April 29, 1987

MERCIAL ENTERPRISES

ALBERTA LIQUOR CONTROL BOARD
BALANCE SHEET
AS AT JANUARY 6, 1987
(thousands of dollars)

	January 6, 1987	January 7, 1986
ASSETS		
Current:		
Cash	\$ 5,230	\$ 8,226
Accounts receivable	1,891	1,470
Inventories (Note 3)	57,365	54,112
Prepaid expenses	2,469	2,749
	<hr/> <u>66,955</u>	<hr/> <u>66,557</u>
Fixed assets (Note 4)	<u>122,307</u>	<u>116,604</u>
	<hr/> <u>\$189,262</u>	<hr/> <u>\$183,161</u>
LIABILITIES AND APPROPRIATION		
Current:		
Accounts payable	\$ 29,926	\$ 33,241
Unremitted income payable to Provincial Treasurer	<u>21,336</u>	<u>24,920</u>
	<hr/> <u>51,262</u>	<hr/> <u>58,161</u>
Appropriation for capital (Note 5)	<u>138,000</u>	<u>125,000</u>
	<hr/> <u>\$189,262</u>	<hr/> <u>\$183,161</u>

The accompanying notes are part
of these financial statements.

**ALBERTA LIQUOR CONTROL BOARD
STATEMENT OF INCOME
FOR THE YEAR ENDED JANUARY 6, 1987
(thousands of dollars)**

	<u>Fiscal 1986</u>	<u>Fiscal 1985</u>
Sales:		
Spirits and wine	\$526,398	\$540,886
Beer	<u>382,500</u>	<u>352,958</u>
	<u>908,898</u>	<u>893,844</u>
Deduct: Cost of goods sold:		
Spirits and wine	251,850	262,500
Beer	<u>267,014</u>	<u>243,443</u>
	<u>518,864</u>	<u>505,943</u>
Gross profit on sales	<u>390,034</u>	<u>387,901</u>
Deduct:		
Store operating expense	44,581	45,020
Administration and general expense	21,159	19,633
Warehouse expense	<u>7,182</u>	<u>6,941</u>
	<u>72,922</u>	<u>71,594</u>
Net profit on sales	<u>317,112</u>	<u>316,307</u>
Add: Other income, net (Note 6)	7,229	7,618
Deduct: Environmental expense, net (Note 7)	<u>(2,925)</u>	<u>(3,236)</u>
Net income for the year	<u>\$321,416</u>	<u>\$320,689</u>

**ALBERTA LIQUOR CONTROL BOARD
STATEMENT OF INCOME REMITTED TO PROVINCIAL TREASURER
FOR THE YEAR ENDED JANUARY 6, 1987
(thousands of dollars)**

	<u>Fiscal 1986</u>	<u>Fiscal 1985</u>
Unremitted income at beginning of year	\$ 24,920	\$ 27,231
Add: Net income for the year	<u>321,416</u>	<u>320,689</u>
	<u>346,336</u>	<u>347,920</u>
Deduct: Appropriation for capital	<u>13,000</u>	<u>—</u>
	<u>333,336</u>	<u>347,920</u>
Deduct: Remittances to Provincial Treasurer	<u>312,000</u>	<u>323,000</u>
Unremitted income at end of year	<u>\$ 21,336</u>	<u>\$ 24,920</u>

MERCIAL ENTERPRISES

ALBERTA LIQUOR CONTROL BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED JANUARY 6, 1987
(thousands of dollars)

	Fiscal 1986	Fiscal 1985
Operating activities:		
Net income for the year	\$ 321,416	\$ 320,689
Depreciation and amortization	6,251	6,397
Gain on disposal of fixed assets, net	(285)	(974)
Net change in non-cash working capital balances	<u>(6,709)</u>	<u>(1,391)</u>
Cash from operations	320,673	324,721
Remittances to Provincial Treasurer	(312,000)	(323,000)
Increase to cash remaining for investment	<u>8,673</u>	<u>1,721</u>
Investing activities:		
Purchase of fixed assets	(12,220)	(8,732)
Proceeds from disposal of fixed assets	<u>551</u>	<u>1,308</u>
	<u>(11,669)</u>	<u>(7,424)</u>
Decrease in cash during the year	(2,996)	(5,703)
Cash at beginning of year	<u>8,226</u>	<u>13,929</u>
Cash at end of year	<u>\$ 5,230</u>	<u>\$ 8,226</u>

**ALBERTA LIQUOR CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 6, 1987**

Note 1 Authority

The Alberta Liquor Control Board operates under the authority of the Liquor Control Act, Chapter L-17, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

Fiscal Year

The Liquor Control Act specifies the first Tuesday in each calendar year as the fiscal year end of the Board. Accordingly, the fiscal year 1986 comprised 52 weeks ended January 6, 1987 and fiscal year 1985 comprised 53 weeks ended January 7, 1986.

Inventories

Inventories are valued at cost which is not in excess of net realizable value. Cost is determined as follows:

Stores and warehouses	— Invoiced cost, freight, and duties and taxes
In bond	— Invoiced cost and freight
In transit and suppliers	— Invoiced cost

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and amortization.

Depreciation and amortization are calculated on the straight-line method at annual rates which will reduce the original cost to estimated residual value over the useful life of the asset, as follows:

Buildings	— 2% to 5%
-----------	------------

Furniture and equipment

Cost \$50,000 and greater	— 10% to 33.3%
Cost less than \$50,000	— 100%

Leasehold improvements	— 2.5% or remainder of lease whichever is lesser
------------------------	--

Vehicles	— 12.5% to 20%
----------	----------------

Note 3 Inventories

	January 6, 1987		January 7, 1986	
	Spirits and Wine	Beer	Spirits and Wine	Beer
Stores	\$25,500	\$5,114	\$21,240	\$4,130
Warehouses				
- Duty paid	2,604	159	2,606	129
- In bond	16,796	779	19,695	1,124
In transit	5,549	311	4,345	390
Suppliers	553	—	453	—
	<u>\$51,002</u>	<u>\$6,363</u>	<u>\$48,339</u>	<u>\$5,773</u>
Total	<u><u>\$57,365</u></u>		<u><u>\$54,112</u></u>	

Duties and taxes amounting to approximately \$11,055,000 (1986 \$13,269,000) will become payable when the inventories held in bond are released for sale.

Note 4 Fixed Assets

	January 6, 1987		January 7, 1986	
	(thousands of dollars)			
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Land	\$ 21,278	\$ —	\$ 21,278	\$ 18,895
Buildings	102,474	12,626	89,848	89,721
Furniture and equipment	25,267	19,409	5,858	6,922
Leasehold improvements	7,080	2,003	5,077	761
Vehicles	665	419	246	305
	<u>\$156,764</u>	<u>\$34,457</u>	<u>\$122,307</u>	<u>\$116,604</u>

MERCIAL ENTERPRISES**Note 5 Appropriation for Capital**

The Liquor Control Act provides that the Board shall maintain a capital account to provide funds for acquiring land and buildings and maintaining the inventories and other assets necessary to the operations of the Board. Based on an application made by the Board during the 1985 fiscal year the Lieutenant Governor in Council approved an increase in the appropriation for capital of \$13,000,000 on January 23, 1986.

Note 6 Other Income

	Fiscal 1986	Fiscal 1985
	(thousands of dollars)	
Licences and permits:		
Revenue	\$8,087	\$8,280
Expenditure	<u>2,604</u>	<u>2,676</u>
	5,483	5,604
Liquor levies and commissions		
Gain on disposal of fixed assets, net	1,148	310
Miscellaneous	<u>285</u>	<u>974</u>
	<u>313</u>	<u>730</u>
	<u><u>\$7,229</u></u>	<u><u>\$7,618</u></u>

Note 7 Environmental Expense, Net

This expense represents the net cost of administering and refunding deposits on spirits, wine and imported beer containers pursuant to the Beverage Container Act, Chapter B-4, Revised Statutes of Alberta 1980, as amended.

Note 8 Commitments**Capital**

The Board has commitments in respect of land purchase agreements and uncompleted building contracts of approximately \$1,271,000.

Leases

A number of the Board's stores operate under lease arrangements with terms ranging from one to fifty years. The Board also leases data processing equipment with terms ranging from one to four years. The approximate aggregate rental under these arrangements is summarized as follows:

	(thousands of dollars)
Fiscal 1987	\$ 6,505
1988	5,581
1989	5,155
1990	4,178
1991	3,667
Balance to expiry	<u>9,631</u>
	<u><u>\$34,717</u></u>

Note 9 Comparative Figures

The comparative figures have been reclassified where necessary to conform to current presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Consolidated Balance Sheet
Consolidated Statement of Income and Retained Earnings
Consolidated Statement of Changes in Financial Position
Notes to the Consolidated Financial Statements

AUDITOR'S REPORT

To the Members of
The Alberta Government Telephones Commission

I have examined the consolidated balance sheet of The Alberta Government Telephones Commission as at December 31, 1986 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Commission as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
February 28, 1987

COMMERCIAL ENTERPRISES

**THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1986
(thousands of dollars)**

	1986	1985
ASSETS		
Telephone property, at cost:		
Buildings and equipment	\$3,021,294	\$2,932,434
Less: Accumulated depreciation	<u>1,258,304</u>	<u>1,106,137</u>
	1,762,990	1,826,297
Land	45,815	45,916
Plant under construction	79,384	37,389
Materials and supplies	<u>57,138</u>	<u>54,317</u>
	1,945,327	1,963,919
Unamortized station connection costs (Note 4)	—	22,998
Investments (Note 5)	<u>28,249</u>	<u>8,428</u>
Current:		
Cash and short-term deposits	16,835	6,001
Accounts receivable	161,153	156,161
Grants receivable (Note 2(d))	16,252	—
Prepaid expenses	18,408	13,882
Inventories for resale, at cost	22,924	30,905
Net investment in leases and mortgages (Note 6)	<u>16,607</u>	<u>12,015</u>
	252,179	218,964
Net investment in leases and mortgages (Note 6)	<u>40,455</u>	<u>40,860</u>
Deferred charges (Note 7)	<u>46,106</u>	<u>55,406</u>
	<u>\$2,312,316</u>	<u>\$2,310,575</u>
LIABILITIES		
Long-term debt (Note 8)	\$2,223,189	\$2,203,983
Less: Sinking fund assets (Note 9)	<u>469,110</u>	<u>366,802</u>
	<u>1,754,079</u>	<u>1,837,181</u>
Current:		
Bank overdraft	808	9,541
Notes payable	155,035	134,466
Accounts payable	54,541	58,710
Wages payable	52,845	51,034
Accrued interest	56,961	61,521
Service billed in advance	33,577	29,450
Current portion of mortgages payable (Note 8)	<u>431</u>	<u>396</u>
	354,198	345,118
Deferred revenue	<u>30,221</u>	<u>17,537</u>
Retained earnings	<u>173,818</u>	<u>110,739</u>
Commitments and contingent liabilities (Note 10)	<u>\$2,312,316</u>	<u>\$2,310,575</u>

The accompanying notes are part of these consolidated financial statements.

**THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1986**
(thousands of dollars)

	<u>1986</u>	<u>1985</u>
Operating revenues:		
Long distance service	\$ 702,315	\$ 686,806
Local service	314,895	332,884
Other (Note 11)	60,283	55,921
Uncollectible operating revenues	<u>(10,351)</u>	<u>(12,117)</u>
	<u>1,067,142</u>	<u>1,063,494</u>
Operating expenses:		
Depreciation	206,517	183,517
Maintenance	194,192	196,400
Traffic	34,889	35,668
Commercial and marketing	74,857	76,903
General and administration	213,988	201,328
Property and business taxes	25,144	24,013
Pension fund (Note 12)	<u>21,803</u>	<u>22,076</u>
	<u>771,390</u>	<u>739,905</u>
Net operating revenues	295,752	323,589
Other income (Note 13)	<u>75,415</u>	<u>38,732</u>
	<u>371,167</u>	<u>362,321</u>
Interest and other deductions (Note 14)	286,132	290,621
Amortization of station connection costs (Note 4)	<u>22,998</u>	<u>22,998</u>
Net income before extraordinary items	62,037	48,702
Extraordinary items (Note 15)	<u>1,042</u>	<u>—</u>
Net income for the year	63,079	48,702
Restated retained earnings at beginning of year (Note 3)	<u>110,739</u>	<u>62,037</u>
Retained earnings at end of year	<u><u>\$ 173,818</u></u>	<u><u>\$ 110,739</u></u>

The accompanying notes are part of
these consolidated financial statements.

MERCIAL ENTERPRISES

**THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986**
(thousands of dollars)

	<u>1986</u>	<u>1985</u>
Operating activities:		
Net income before extraordinary items	\$ 62,037	\$ 48,702
Items not requiring an outlay of cash:		
Depreciation and amortization	243,550	223,336
Other (Note 16)	23,578	1,000
Sinking fund earnings	(77,383)	(32,445)
Net change in non-cash working capital components (Note 16)	<u>(25,172)</u>	<u>(27,892)</u>
	226,610	212,701
Cash provided by extraordinary items	2,083	—
Cash provided by operating activities	<u>228,693</u>	<u>212,701</u>
Financing activities:		
Proceeds from long-term debt issues	150,000	—
Repayment of long-term debt	(152,722)	(29,769)
Increase (decrease) in notes payable	<u>20,569</u>	<u>(35,587)</u>
Cash provided by (used by) financing activities	<u>17,847</u>	<u>(65,356)</u>
Investing activities:		
Capital expenditures	(226,165)	(180,688)
Less: items not requiring an outlay of cash	33,044	46,017
Increase in materials and supplies	(2,821)	(3,827)
(Increase) decrease in leases and mortgages	405	(11,701)
Increase in investments	<u>(31,436)</u>	<u>(1,525)</u>
Cash used by investing activities	<u>(226,973)</u>	<u>(151,724)</u>
Cash and cash equivalents:		
Increase (decrease) during the year	19,567	(4,379)
Balance at beginning of year	<u>(3,540)</u>	<u>839</u>
Balance at end of year	<u>\$ 16,027</u>	<u>\$ (3,540)</u>

The accompanying notes are part of
these consolidated financial statements.

**THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1986**

Note 1 Authority

The Alberta Government Telephones Commission operates under the authority of the Alberta Government Telephones Act, Chapter A-23, Revised Statutes of Alberta 1980.

Note 2 Summary of Significant Accounting Policies

(a) Telephone Property

Telephone property is recorded at original cost and includes materials, direct labour, certain general overhead costs associated with construction activity and an allowance for funds utilized during construction. Materials and supplies are valued substantially at average cost.

The Commission continually reviews the application of this capitalization policy in accordance with accounting standardization policies of the Telecom Canada companies.

Resulting from this review, no changes in capitalization were made in 1986.

(b) Depreciation

Depreciation is provided on a straight-line basis using rates determined by a continuing program of engineering studies, calculated to allocate to operations the cost of groups of property with equal service lives over the estimated useful lives of the groups.

When depreciable telephone property is retired for reasons of exhausted service capacity, obsolescence, loss or destruction, the original cost of such property, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation. Gains or losses on disposal of depreciable telephone property are allocated to operations over the remaining estimated useful lives of appropriate property groups.

When depreciable telephone property subject to resale in the ordinary course of business (such as customer premise equipment) is sold, the original cost of such property less accumulated depreciation is netted against sale proceeds and the difference is reflected in local service revenues.

The composite depreciation rate for the year ended December 31, 1986 was 7.27% compared to 6.23% for the previous year. Total depreciation of \$219,688,000 (1985 \$200,225,000) includes \$11,792,000 (1985 \$14,911,000) distributed to other operating expenses and \$1,379,000 (1985 \$1,797,000) distributed to telephone property.

(c) Translation of Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Other assets and liabilities and items affecting earnings are converted at the rate of exchange in effect at the date of the transaction.

Unrealized net exchange gains or losses are deferred and amortized over the remaining lives of the related assets and liabilities.

Realized exchange gains or losses are reflected in net income for the year.

Self-sustaining foreign operations are translated using the current rate method. Under this method, all assets and liabilities are translated into Canadian dollars at year-end exchange rates; revenue and expenses are translated at exchange rates in effect during the year. Net translation gains or losses arising from changes in exchange rates are treated as deferred charges.

(d) Deferred Revenue

Deferred revenue relates to the capital cost of equipment rented under operating leases and grants from the Government of the Province of Alberta under the Individual Line Service program. It is recognized as income on a straight-line basis over the estimated useful life of the related equipment. Deferred revenue to be recognized as income within one year is included with service billed in advance.

The amount of grants credited to deferred revenue in 1986 amounted to \$16,252,000. \$2,942,000 will be recognized as income in 1987.

(e) Amortization

Deferred charges, discounts or premiums on long-term monetary assets and liabilities are amortized on a straight-line basis over the remaining lives of the related assets and liabilities.

Where interest coupons and residuals are held as separate investments in sinking funds, discounts are amortized over the period to maturity so as to produce a constant rate of return on the investments.

Intangible assets are amortized on a straight-line basis over a specified period.

(f) Investment in Leases

Unearned finance income related to sales-type leases is taken into income over the lease term to produce a constant rate of return on the investment in the lease.

MERCIAL ENTERPRISES**Note 2 Summary of Significant Accounting Policies (continued)****(g) Consolidation**

These consolidated financial statements include the accounts of wholly owned subsidiaries, Alta Telecom International Ltd., Alta Telecom Inc., Alta Telecom Licensing Corporation, Alta-Can Telecom Inc. and 288922 Alberta Ltd. The investment in affiliated company, NovAtel Communications Ltd., is accounted for by the equity method. All significant transactions between these companies included in the consolidation have been eliminated, except for purchase of telecommunications equipment and supplies by Alberta Government Telephones from the affiliated company which are reflected in the consolidated balance sheet at cost to the parent and are included in the consolidated income statement. To the extent that any income related to these revenues has not been offset by depreciation or other operating expenses, it remains in consolidated income and retained earnings. This practice is generally followed in regulated industries.

Note 3 Prior Period Adjustment

The 1985 financial statements have been restated to adjust the amortization of costs related to a 1983 intercompany transaction. The opening retained earnings balance for 1985 has been increased by \$974,000 for the portion applicable to 1983 and 1984 while net income for 1985 has been increased by \$486,000.

Note 4 Amortization of Station Connection Costs

The balance of undepreciated capital costs for the installation of customer premise equipment as at December 31, 1984 was amortized over a two year period beginning January 1, 1985 in conjunction with a change in capitalization policy. \$22,998,000 has been included as amortization of station connection costs in each of the years 1985 and 1986 in determining net income before extraordinary items.

Note 5 Investments

Investments consist of the following:

	<u>1986</u>	<u>1985</u>
NovAtel Communications Ltd. (held by 288951 Alberta Ltd.) 100 common shares without par value, and 3,117,100 preferred shares, at equity	\$21,106,276	\$ 231,236
Telesat Canada 279,900 common shares without par value, at cost	2,799,000	2,799,000
Cybernex Ltd. (held by Alta-Can Telecom Inc.) 150,000 common shares without par value and 2,000 preferred shares without par value, at cost	2,000,015	2,000,015
Telematic Products, Inc. (held by Alta-Can Telecom Inc.) 285,714 preferred shares, par value \$.10 U.S. at cost	—	1,300,399
Vodavi Technology Corporation (held by Alta-Can Telecom Inc.) 161,290 common shares without par value, at cost	1,119,191	—
Idacom Electronics Ltd. (held by Alta-Can Telecom Inc.) 30,395 common shares without par value, at cost	550,000	550,000
Woods Alta Group (held by Alta Telecom Inc.) Unincorporated Joint Venture, at equity	—	870,637
Other investments, at cost	<u>674,252</u>	<u>676,335</u>
	<u>\$28,248,734</u>	<u>\$8,427,622</u>

As of January 1, 1986, the unincorporated telecommunications joint venture undertaking carried out through subsidiary company 288951 Alberta Ltd. was terminated and the assets and liabilities sold in exchange for 55.5 common shares and 3,116,600 preferred shares in NovAtel Communications Ltd.

All outstanding and issued shares of Telematic Products Inc. were purchased by Vodavi Technology Corporation. Telematic shares held by Alta-Can Telecom Inc. were exchanged for 161,290 common shares of Vodavi Technology Corporation.

Note 6 Net Investment in Leases and Mortgages

The net investment in leases and mortgages results from the sale of assets to customers under a lease purchase plan and from the sale of rental homes to employees. Principal due within one year has been reclassified under current assets.

Net investment in leases and mortgages consists of the following:

	1986	1985
	(thousands of dollars)	
Total minimum lease and mortgage payments receivable	\$ 71,501	\$ 68,925
Unearned finance income	<u>(14,439)</u>	<u>(16,050)</u>
	57,062	52,875
Less: Current portion	<u>16,607</u>	<u>12,015</u>
	<u>\$ 40,455</u>	<u>\$ 40,860</u>

Note 7 Deferred Charges

Unamortized deferred charges consist of the following:

	1986	1985
	(thousands of dollars)	
Unrealized exchange loss, net	\$29,301	\$37,045
Debenture discounts	9,659	9,095
Other	<u>7,146</u>	<u>9,266</u>
	<u>\$46,106</u>	<u>\$55,406</u>
Amortization charged to net income for the year	<u>\$ 9,566</u>	<u>\$ 9,657</u>

Note 8 Long-Term Debt

Long-term debt is summarized as follows:

	1986	1985
	(thousands of dollars)	
Debentures payable in United States funds, maturing 1987 to 1996, bearing interest at 4.75% to 9.50%	\$ 203,669	\$ 204,910
Exchange premium, net, at dates of issue	13,391	13,421
Unrealized exchange loss	<u>64,105</u>	<u>68,195</u>
	<u>281,165</u>	<u>286,526</u>
Debentures payable in Canadian funds, maturing 1987 to 2003, bearing interest at 6.00% to 17.75%	<u>1,930,396</u>	<u>1,905,396</u>
Mortgages payable in Canadian funds, repayable in monthly instalments, maturing 1995 and 1999, bearing interest at 8.25% and 11.50%	12,059	12,457
Less: Principal included in current liabilities	<u>431</u>	<u>396</u>
	<u>11,628</u>	<u>12,061</u>
	<u>\$2,223,189</u>	<u>\$2,203,983</u>

- (a) Debentures are unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta.
- (b) In accordance with debenture deeds, certain issues require annual sinking fund contributions of 1.00% to 2.00% of the principal amounts outstanding. Contributions are required during periods varying from 15 to 25 years before maturity.
- (c) Certain debentures have early redemption provisions at the Commission's option during periods prior to maturity varying from 2 to 4 years for Canadian dollar issues and 10 to 13 years for United States dollar issues.
- (d) Amounts of debentures repayable within one year are classified as long-term debt inasmuch as it is anticipated that payments will be made from the proceeds of refinancing rather than from current assets.

COMMERCIAL ENTERPRISES**Note 8 Long-Term Debt (continued)**

- (e) Anticipated requirements to meet long-term debt repayments and sinking fund provisions during the next five years (excluding exchange on debt repayments to be made in United States funds), are as follows:

Year	Debenture			Sinking
	Redemptions	Mortgages	Fund Provisions	Total
			(thousands of dollars)	
1987	\$376,302	\$ 431	\$ 24,003	\$400,736
1988	1,367	469	24,003	25,839
1989	100,000	510	23,498	124,008
1990	—	555	22,895	23,450
1991	100,000	604	21,175	121,779
	<u>\$577,669</u>	<u>\$2,569</u>	<u>\$115,574</u>	<u>\$695,812</u>

- (f) In 1986 the Alberta Government Telephones Commission offered to the public a \$200,000,000 debenture issue at 9% to be dated January 15, 1987, maturing January 15, 1997. The proceeds will be used to repay short-term notes payable and for other purposes of the Commission. The debenture is unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta.

Note 9 Sinking Fund Assets

Sinking fund assets relate to the Commission's debenture debt and consist of the following:

	1986	1985
(thousands of dollars)		
Investments:		
Debentures, at amortized cost:		
Government of Canada, direct and guaranteed	\$295,862	\$246,451
Provincial, direct and guaranteed	47,896	26,545
Investment in the Commission's own debentures, at amortized cost	66,857	63,902
Unrealized exchange gain	14,720	14,850
(Approximate market value: 1986 \$504,441; 1985 \$429,039)		
	425,335	351,748
Cash	19	20
Short-term deposits	39,069	11,939
Accrued interest	4,687	3,095
	<u>\$469,110</u>	<u>\$366,802</u>

Note 10 Commitments and Contingent Liabilities

The Commission is committed to aggregate rental payments of \$13,646,000 under leases having an initial term of more than one year. Minimum annual rental payments during the next five years are as follows:

Year	Rental Payments
(thousands of dollars)	
1987	5,495
1988	2,984
1989	1,857
1990	1,068
1991	576

The Commission and its subsidiaries are contingently liable for \$2,896,000 in the form of letters of credit and guarantees.

Legal action has been initiated against a subsidiary of the Commission by a subcontractor of its joint venture seeking damages of \$2,030,000 U.S. This claim is being defended and in management's opinion, the outcome of this action will have no adverse material impact on the Commission's financial statements.

Note 11 Other Operating Revenues

Other operating revenues consist of the following:

	1986	1985
(thousands of dollars)		
Directories	\$31,736	\$28,653
Rentals	10,391	12,185
Miscellaneous	18,156	15,083
	<u>\$60,283</u>	<u>\$55,921</u>

Note 12 Pension Fund

The Commission makes regular contributions to The Alberta Government Telephones Employees' Pension and Death Benefit Fund which provides service pensions calculated as a function of earnings and years of service. An actuarial review as at December 31, 1985 indicated that the assets of the Fund together with the contributions expected to be received from the members of the Fund were sufficient to provide the benefits under the Fund as they fall due.

Note 13 Other Income

Other income consists of the following:

	1986	1985
	(thousands of dollars)	
Sinking fund income	\$ 77,383	\$32,445
Allowance for funds utilized during construction	3,774	4,125
Dividends from investment in Telesat Canada Shares	28	140
Net loss in affiliated companies	(10,574)	—
Miscellaneous	4,804	2,022
	<u>\$ 75,415</u>	<u>\$38,732</u>

Note 14 Interest and Other Deductions

Interest and other deductions consist of the following:

	1986	1985
	(thousands of dollars)	
Interest and exchange on long-term debt	\$272,026	\$266,061
Interest on short-term debt	4,766	13,369
Amortization of unrealized exchange loss, net	4,978	5,824
Amortization of debenture discount	1,699	2,105
Other deductions	2,663	3,262
	<u>\$286,132</u>	<u>\$290,621</u>

Note 15 Extraordinary Items

Extraordinary items in 1986 consist of the following:

A gain of \$2,083,000 on the sale to NovAtel Communications Ltd. of the assets and liabilities of the terminated joint venture.

The Commission's share of the loss, amounting to \$789,000 incurred in the closure of a manufacturing plant in Montreal by NovAtel Communications Ltd.

A loss of \$252,000 incurred in conjunction with the exchange of shares in Telematic Products Inc. and Vodavi Technology Corporation.

Note 16 Changes in Financial Position

	1986	1985
	(thousands of dollars)	
Other items not requiring an outlay of cash:		
Premiums, discounts and exchange	\$ 7,378	\$ 8,536
Increase in deferred charges	(3,284)	(4,048)
Increase in deferred revenue	12,684	637
Allowance for funds used during construction	(3,774)	(4,125)
Net loss in affiliated companies	10,574	—
	<u>\$ 23,578</u>	<u>\$ 1,000</u>
Net change in non-cash working capital components:		
Increase in accounts receivable	\$ (4,992)	\$(23,175)
Increase in grants receivable	(16,252)	—
Increase in prepaid expenses	(4,526)	(1,001)
(Increase) decrease in inventories for resale	7,981	(14,138)
Increase in investment in leases and mortgages	(4,592)	(3,694)
Increase (decrease) in accounts payable	(4,169)	15,536
Increase (decrease) in wages payable	1,811	(5,862)
Increase (decrease) in accrued interest payable	(4,560)	3,899
Increase in service billed in advance	4,127	543
	<u>\$(25,172)</u>	<u>\$(27,892)</u>

Note 17 Related Party Transactions

During 1986, the Commission purchased equipment, materials and related supplies from NovAtel Communications Ltd. in the amount of \$13,630,000 (1985 \$10,875,000) which represented approximately 13% (1985 22%) of the sales of NovAtel.

There were no material transactions with other related companies.

MERCIAL ENTERPRISES

Note 18 Subsequent Event

On April 24, 1985 representatives of the City of Edmonton and the Government of Alberta signed a Memorandum of Understanding which established an Arbitration Committee to hold hearings to "develop or select a practical toll-sharing formula for the sharing of toll revenues generated in the City of Edmonton." On February 28, 1987, the Arbitration Committee released its decision outlining a basis for toll revenue sharing which is effective January 1, 1985. Under the Committee's formula 'edmonton telephones' will receive \$10,226,060 for the first three months of 1985 out of toll revenues generated in the City of Edmonton. On an annualized basis this would amount to an estimated \$43,175,169 for 1985.

This amount will be reduced by \$15,631,334 already paid by the Commission under existing agreements, thus leaving an additional amount of \$27,543,835 to be paid to 'edmonton telephones' for 1985. The Committee stated that the amounts payable under the formula in subsequent years "may be of the like order, depending upon various factors."

In management's opinion, the effect of this additional liability of \$27,543,835 on the income of the Commission will be reduced by amounts claimable in revenue settlements with other members of Telecom Canada, and by other potential administrative costs. Due to the timing of the Arbitration Committee's decision and the complexities involved in establishing these amounts, the net impact on the income of the Commission for 1985 and 1986 cannot be reasonably estimated at this time. Accordingly, these financial statements have not been adjusted to reflect the Arbitration Committee's decision.

Note 19 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

The format of the Statement of Changes in Financial Position has been changed to that recommended by The Canadian Institute of Chartered Accountants in September 1985. The focus of the revised format is on the cash and cash equivalents available to the enterprise rather than the working capital format used previously.

Note 20 Approval of Financial Statements

These financial statements were reviewed by the Audit Committee of the Alberta Government Telephones Commission and recommended for approval by the Commission.

TREASURY BRANCHES DEPOSITS FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Statement of Assets and Liabilities
Statement of Income
Statement of Equity
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the statement of assets and liabilities of the Treasury Branches Deposits Fund as at March 31, 1987 and the statements of income, equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for loan losses as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
June 12, 1987

MERCIAL ENTERPRISES

**TREASURY BRANCHES DEPOSITS FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 1987
(thousands of dollars)**

	1987	1986
ASSETS		
Cash resources		
Cash	\$ 17,636	\$ 19,084
Deposits with banks	563,779	134,866
Cheques and other items in transit, net	1,570	17,729
	<u>582,985</u>	<u>171,679</u>
Securities (Note 4)		
Issued or guaranteed by Canada	271,003	212,976
Issued or guaranteed by provinces, municipalities and school districts	14,108	21,062
Other securities	70,073	71,298
	<u>355,184</u>	<u>305,336</u>
Loans		
Mortgage loans	1,116,161	991,614
Other loans	3,344,745	2,930,806
	<u>4,460,906</u>	<u>3,922,420</u>
Other		
Land, buildings and equipment (Note 5)	54,655	47,444
Other assets	65,863	73,997
	<u>120,518</u>	<u>121,441</u>
	<u>\$5,519,593</u>	<u>\$4,520,876</u>
LIABILITIES		
Deposits (Note 6)		
Payable on demand	\$ 794,673	\$ 628,847
Payable after notice	884,110	840,823
Payable on a fixed date	3,886,170	3,057,869
	<u>5,564,953</u>	<u>4,527,539</u>
Other liabilities	72,782	79,024
Equity (deficit)	(118,142)	(85,687)
	<u>\$5,519,593</u>	<u>\$4,520,876</u>

The accompanying notes are part of
these financial statements.

**TREASURY BRANCHES DEPOSITS FUND
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)**

	1987	1986
Interest income		
Income from loans	\$430,365	\$414,587
Income from securities	<u>67,389</u>	<u>56,513</u>
Total interest income	<u>497,754</u>	<u>471,100</u>
Interest on deposits	375,184	354,291
Net interest income	<u>122,570</u>	<u>116,809</u>
Loan loss experience	56,203	109,379
Net interest income after loan loss experience	<u>66,367</u>	<u>7,430</u>
Other income	25,575	16,390
Net interest and other income	<u>91,942</u>	<u>23,820</u>
Non-interest expenses		
Salaries	72,983	67,984
Pension contributions and other staff benefits	8,362	7,605
Premises and equipment expenses, including depreciation	<u>21,673</u>	<u>22,448</u>
Other expenses	21,379	25,110
Total non-interest expenses	<u>124,397</u>	<u>123,147</u>
Net income (deficit) for the year	<u><u>\$ (32,455)</u></u>	<u><u>\$ (99,327)</u></u>

**TREASURY BRANCHES DEPOSITS FUND
STATEMENT OF EQUITY
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)**

	1987	1986
Equity (deficit) at beginning of year		
As previously reported	\$(129,516)	\$ 27
Transfer of balance of appropriations for contingencies (Note 3)	<u>43,829</u>	<u>13,613</u>
As restated	<u>(85,687)</u>	<u>13,640</u>
Transfer from Statement of Income	<u>(32,455)</u>	<u>(99,327)</u>
Equity (deficit) at end of year	<u><u>\$(118,142)</u></u>	<u><u>\$(85,687)</u></u>

MERCIAL ENTERPRISES

**TREASURY BRANCHES DEPOSITS FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987**
(thousands of dollars)

	<u>1987</u>	<u>1986</u>
Operating activities:		
Cash resources and securities provided by:		
Net income (deficit) for the year	\$ (32,455)	\$ (99,327)
Non-cash items:		
Depreciation and amortization	<u>3,188</u>	<u>5,379</u>
	<u>(29,267)</u>	<u>(93,948)</u>
Net increase in deposits	1,037,414	373,604
Net decrease in other assets	8,134	2,720
Net (decrease) increase in other liabilities	<u>(6,242)</u>	<u>31,523</u>
	1,010,039	313,899
Cash resources and securities applied to:		
Net increase in loans	<u>538,486</u>	<u>528,594</u>
Net operating activities	471,553	(214,695)
Cash resources and securities applied to:		
Increase in land, buildings and equipment	<u>10,399</u>	<u>4,199</u>
Increase (decrease) in cash resources and securities for the year	<u>\$ 461,154</u>	<u>\$(218,894)</u>

**TREASURY BRANCHES DEPOSITS FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Treasury Branches Deposits Fund operates under the authority of the Treasury Branches Act, Chapter T-7, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies

(a) **Securities**

Securities are carried at cost or amortized cost (Note 4). Gains and losses on disposal of securities are included in income in the year in which they occur.

(b) **Loans**

Loans are stated net of any unearned income and of any provisions established to recognize anticipated losses. A specific provision is established when, in the opinion of management, there is significant doubt as to collectibility, either in whole or in part, of principal.

Loan loss experience for the year comprises the amount of loans written off, recoveries on loans previously written off and changes in specific provisions. Interest is recorded on the accrual basis for all satisfactory loans. If a loan is classified as non-accrual any uncollected interest is reversed and charged against current income.

The Fund will classify a loan as non-accrual when, in the opinion of management, there is doubt as to the ultimate collectibility of some portion of principal or interest. Loans will automatically be classified as non-accrual where the borrower has not paid interest on the loan throughout a period of 180 days except in those instances where management determines that there is no reasonable doubt regarding the collectibility of principal or interest.

(c) **Land, Buildings, and Equipment**

Land is carried at cost. Buildings, equipment and leasehold improvements are carried at cost less accumulated depreciation or amortization. Depreciation and amortization are calculated using the straight line method over the estimated useful lives of the related assets. Gains and losses on the disposal of fixed assets are recorded in the Statement of Income in the year of disposal.

Furniture is expensed in the year of purchase and is included in premises and equipment expenses in the Statement of Income.

(d) **Translation of Foreign Currencies**

Foreign currency assets and liabilities are translated into Canadian dollars at prevailing year end rates.

Foreign currency income and expenses are translated into Canadian dollars at the average rate throughout the year.

Realized and unrealized gains and losses on foreign currency transactions are included in other income in the Statement of Income. Foreign exchange positions are hedged as much as practicable by forward exchange contracts.

Note 3 Change in Accounting Policy

Commencing in the current year, the Fund accounts for loan losses by charging them to the Statement of Income in accordance with generally accepted accounting principles. In previous years, the charge to the Statement of Income was calculated on a weighted average basis over five years.

As a result of this change, which was applied retroactively, the net deficit for the year ended March 31, 1986 increased by \$53,972,000. The change in accounting policy has no monetary effect on the Statement of Assets and Liabilities, as actual net loss experience of prior years was charged to the Appropriations for Contingencies.

Under the previous accounting policy for loan losses the net deficit for the year ended March 31, 1987 would have been \$39,738,000 (1986 - \$45,355,000).

MERCIAL ENTERPRISES**Note 4 Securities**
(\$ in thousands)

Securities are summarized as follows:

Year of maturity:	Securities issued or guaranteed by			
	Provinces, Municipalities, and School Districts			
	Canada	Other	Total	
Within one year	\$271,003	\$ 14,108	\$ 70,000	\$355,111
No specific maturity	—	—	73	73
	<u>\$271,003</u>	<u>\$ 14,108</u>	<u>\$ 70,073</u>	<u>\$355,184</u>
March 31, 1986	<u>\$212,976</u>	<u>\$ 21,062</u>	<u>\$ 71,298</u>	<u>\$305,336</u>

The approximate market value of securities at March 31, 1987 was \$355,184 (1986 \$305,298).

Note 5 Land, Buildings and Equipment
(\$ in thousands)

Land, buildings and equipment are summarized as follows:

	1987			1986
	Accumulated Depreciation and Amortization		Net Book Value	Net Book Value
	Cost			
Land	\$ 7,208	\$ —	\$ 7,208	\$ 6,953
Branch premises	33,330	10,979	22,351	23,449
Equipment	21,872	12,206	9,666	8,807
Equipment leased	7,595	1,336	6,259	—
Staff housing	7,234	3,006	4,228	4,498
Leasehold improvements	10,322	5,379	4,943	3,737
	<u>\$87,561</u>	<u>\$32,906</u>	<u>\$54,655</u>	<u>\$47,444</u>
March 31, 1986	<u>\$77,162</u>	<u>\$29,718</u>		

Note 6 Deposits
(\$ in thousands)

Deposits are summarized as follows:

	1987	1986
Deposits by Canada	\$ 41,045	\$ 36,373
Deposits by Province of Alberta	615,699	91,654
Other deposits	4,908,209	4,399,512
	<u>\$5,564,953</u>	<u>\$4,527,539</u>

The repayment of all deposits, including accrued interest is guaranteed by the Province of Alberta.

Note 7 Leases
(\$ in thousands)

The Fund has obligations under long-term operating and capital leases for premises and equipment. The future minimum lease payments for each of the next five years and thereafter are as follows:

	Operating Leases	Capital Leases	Total
Year ending March 31,			
1988	\$ 7,726	\$ 2,743	\$10,469
1989	7,135	1,988	9,123
1990	6,058	374	6,432
1991	4,363	146	4,509
1992	3,080	73	3,153
1993 and thereafter	8,592	—	8,592
Less imputed interest on capital lease	—	(125)	(125)
	<u>\$36,954</u>	<u>\$5,199</u>	<u>\$42,153</u>

Note 8 Contingent Liabilities
(\$ in thousands)

In the normal course of business the Fund has contingent liabilities for letters of credit and loan guarantees, which are not included in the Statement of Assets and Liabilities. In the event of a call on any of these commitments, the Fund has recourse against the customer.

At March 31, 1987 the potential liability of the Fund under guarantees and letters of credit amounted to \$350,456 (1986 \$389,838).

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

SECTION 8

1986-87 PUBLIC ACCOUNTS

TRUST FUNDS - FINANCIAL STATEMENTS

	Page
Contents:	
Introduction	8.2
Agriculture:	
Wheat Board Money Trust Account	8.3
Attorney General:	
Public Trustee	8.6
Education:	
Teachers' Retirement Fund	8.10
Environment:	
Surface Reclamation Fund	8.18
Municipal Affairs:	
Improvement Districts' Trust Account	8.20
Metis Population Betterment Trust Account	8.31
Metis Settlements Trust Fund	8.34
Special Areas Trust Account	8.37
Technology, Research and Telecommunications:	
The Alberta Government Telephones Employees' Group Life Insurance Trust Account	8.45
The Alberta Government Telephones Employees' Pension and Death Benefit Fund	8.48
Treasury:	
Consolidated Cash Investment Trust Fund	8.55
General Trust Account	8.59
Other Trust Funds and Other Money over which the Legislature has no Power of Appropriation - Summary Financial Statement	8.63

TRUST FUNDS - FINANCIAL STATEMENTS

Introduction:

Trust funds are regulated funds comprised of public money over which the Legislature has no power of appropriation. Because the Government has no equity in the funds and administers them for the purposes of the various trusts, they are reported in a separate section and are not included in the consolidated financial statements.

WHEAT BOARD MONEY TRUST ACCOUNT
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Agriculture

I have examined the balance sheet of the Wheat Board Money Trust Account as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
June 30, 1987

**WHEAT BOARD MONEY TRUST ACCOUNT
BALANCE SHEET
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Cash	\$ 70,289	\$ 72,915
Accrued interest	1,419	1,420
Investments (Note 3)	<u>52,988</u>	<u>52,984</u>
	<u>\$124,696</u>	<u>\$127,319</u>
UNEXPENDED FUNDS		
Unexpended funds	<u>\$124,696</u>	<u>\$127,319</u>

The accompanying notes are part
of these financial statements.

**WHEAT BOARD MONEY TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
REVENUE		
Interest and amortization of discounts	\$ 9,777	\$ 10,590
EXPENDITURE		
Scholarships and bursaries	<u>12,400</u>	<u>12,000</u>
Excess of expenditure over revenue	<u>2,623</u>	<u>1,410</u>
Unexpended funds at beginning of year	<u>127,319</u>	<u>128,729</u>
Unexpended funds at end of year	<u>\$124,696</u>	<u>\$127,319</u>

**WHEAT BOARD MONEY TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987**

Note 1 Authority

The Wheat Board Money Trust Account operates under the authority of the Wheat Board Money Trust Act, Chapter W-7, Revised Statutes of Alberta 1980.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Investments

Investments consist of the following:

	1987		1986	
	Amortized Cost	Market Value	Amortized Cost	Market Value
Debentures:				
Province of Alberta, direct and guaranteed	<u>\$52,988</u>	<u>\$48,558</u>	<u>\$52,984</u>	<u>\$45,370</u>

Note 4 Administration Costs

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 5 Approval of Financial Statements

These financial statements have been approved by management.

PUBLIC TRUSTEE
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Common Fund and Special Reserve Fund
Statement of Operations
Notes to the Financial Statements

AUDITOR'S REPORT

To the Attorney General

I have examined the balance sheet of the Public Trustee as at December 31, 1986 and the common fund and special reserve fund statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Public Trustee as at December 31, 1986 and the results of operations of the common fund and special reserve fund for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
May 1, 1987

T FUNDS

**PUBLIC TRUSTEE
BALANCE SHEET
AS AT DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
ASSETS		
Estates' and beneficiaries' assets:		
Common Fund:		
Cash	\$ 218,391	\$ 55,699
Term deposits	111,538,705	107,288,774
Accrued interest	4,953,934	3,790,221
Due from Special Reserve Fund	23,483	223,598
Investments, at amortized cost (Note 3)	<u>55,310,497</u>	<u>39,462,696</u>
	<u>172,045,010</u>	<u>150,820,988</u>
Other:		
Cash	685,153	892,981
Securities	16,597,342	22,733,899
Other assets (Note 2)	<u>1</u>	<u>1</u>
	<u>17,282,496</u>	<u>23,626,881</u>
Special Reserve Fund:		
Cash	156,215	77,039
Term deposits	7,966,840	6,500,000
Accrued interest	421,337	180,326
Investments, at amortized cost (Note 4)	<u>6,441,611</u>	<u>6,431,465</u>
	<u>14,986,003</u>	<u>13,188,830</u>
	<u><u>\$204,313,509</u></u>	<u><u>\$187,636,699</u></u>
LIABILITIES		
Estates' and beneficiaries' liabilities:		
Common Fund:		
Estates' and beneficiaries' capital	\$172,045,010	\$148,481,888
Undistributed earnings	<u>—</u>	<u>2,339,100</u>
	<u>172,045,010</u>	<u>150,820,988</u>
Other:		
Bank overdraft	<u>—</u>	<u>24,586</u>
Provincial Treasurer's advance	24,512	24,512
Other liabilities (Note 2)	<u>1</u>	<u>1</u>
Estates' and beneficiaries' capital	<u>17,257,983</u>	<u>23,577,782</u>
	<u>17,282,496</u>	<u>23,626,881</u>
Special Reserve Fund:		
Due to Common Fund	23,483	223,598
Retained earnings	<u>14,962,520</u>	<u>12,965,232</u>
	<u>14,986,003</u>	<u>13,188,830</u>
	<u><u>\$204,313,509</u></u>	<u><u>\$187,636,699</u></u>

The accompanying notes are part
of these financial statements.

**PUBLIC TRUSTEE
COMMON FUND AND SPECIAL RESERVE FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
Common Fund		
Undistributed earnings at beginning of year	\$ 2,339,100	\$ 1,915,243
Add: Earnings on investments and deposits	<u>14,942,358</u>	<u>14,003,396</u>
	<u>17,281,458</u>	<u>15,918,639</u>
Less: Earnings distributed:		
Estates' and beneficiaries' accounts	16,495,122	13,476,380
Excess earnings to Special Reserve Fund, net	<u>786,336</u>	<u>103,159</u>
	<u>17,281,458</u>	<u>13,579,539</u>
Undistributed earnings at end of year	<u>\$ —</u>	<u>\$ 2,339,100</u>
Special Reserve Fund		
Retained earnings at beginning of year	\$12,965,232	\$11,729,866
Add: Earnings on investments and deposits	<u>1,279,203</u>	<u>1,192,207</u>
Excess earnings from Common Fund, net	<u>786,336</u>	<u>103,159</u>
	<u>15,030,771</u>	<u>13,025,232</u>
Less:		
Payments to Provincial Treasurer towards cost of administration	60,000	60,000
Payment to an estate	<u>8,251</u>	<u>—</u>
	<u>68,251</u>	<u>60,000</u>
Retained earnings at end of year	<u>\$14,962,520</u>	<u>\$12,965,232</u>

PUBLIC TRUSTEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Public Trustee operates under the authority of the Public Trustee Act, Chapter P-36, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

General:

These financial statements have been prepared in accordance with generally accepted accounting principles except for the following treatment of estates' and beneficiaries' assets and liabilities not included in the common fund:

Other assets, which include bank accounts and accounts receivable, mortgages, agreements, and notes receivable and real estate are carried at a nominal value of \$1 as valuation of these assets is not readily determinable.

Income from securities is recognized when received.

Other liabilities including accounts, mortgages, agreements and notes payable are carried at a nominal value of \$1 as valuation of these liabilities is not readily determinable.

Segregation between short-term and long-term assets and liabilities is not considered necessary.

Administration costs:

Expenditures for the operation of the Public Trustee are paid from the General Revenue Fund of the Province and, except for \$60,000 paid to the Provincial Treasurer towards the cost of safekeeping of securities of the common fund and the special reserve fund, are not reflected in these financial statements.

Changes in financial position:

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Investments, Common Fund

Investments, at amortized cost, consist of:

	<u>1986</u>	<u>1985</u>
Government of Canada, direct and guaranteed	\$ 8,753,374	\$ 7,337,800
Provincial issues, direct and guaranteed	45,846,696	31,188,779
Municipal and school districts	<u>710,427</u>	<u>936,117</u>
	<u>\$55,310,497</u>	<u>\$39,462,696</u>
Par value	<u>\$54,849,000</u>	<u>\$39,317,000</u>
Approximate market value	<u>\$56,823,802</u>	<u>\$39,684,620</u>

Note 4 Investments, Special Reserve Fund

Investments, at amortized cost, consist of:

	<u>1986</u>	<u>1985</u>
Government of Canada, direct and guaranteed	\$5,454,754	\$5,447,148
Provincial issues, direct and guaranteed	<u>986,857</u>	<u>984,317</u>
	<u>\$6,441,611</u>	<u>\$6,431,465</u>
Par value	<u>\$6,444,000</u>	<u>\$6,444,000</u>
Approximate market value	<u>\$6,618,224</u>	<u>\$6,449,321</u>

Note 5 Contingent Liabilities

The Public Trustee is involved in a number of legal proceedings. Claims against the Public Trustee in these proceedings, which have not been reflected in the accounts, amount to \$90,316 plus an undeterminable amount of interest. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that the disposition of these cases will not have a materially adverse affect on the financial position of the Public Trustee.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

TEACHERS' RETIREMENT FUND
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 1986

Auditor's Report
Consolidated Balance Sheet
Consolidated Statement of Teachers' Contributions,
 Including Interest
Consolidated Statement of Reserves
Notes to the Consolidated Financial Statements
Schedule of Investments
Schedule of Fund Earnings
Schedule of Administration Expenses

AUDITOR'S REPORT

To the Board of Administrators of
the Teachers' Retirement Fund

I have examined the consolidated balance sheet of the Teachers' Retirement Fund as at August 31, 1986 and the consolidated statements of teachers' contributions, including interest and reserves for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Fund as at August 31, 1986 and the results of its operations and changes in contributions and reserves for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
January 8, 1987

FUNDS

**TEACHERS' RETIREMENT FUND
CONSOLIDATED BALANCE SHEET
AS AT AUGUST 31, 1986**

	<u>1986</u>	<u>1985</u>
ASSETS		
Current:		
Cash	\$ —	\$ 88,333
Short-term deposits	19,525,513	29,961,386
Accounts receivable (Note 3)	8,427,826	2,913,305
Accrued interest	5,894,449	5,622,269
Prepaid expenses	15,867	25,181
	<u>33,863,655</u>	<u>38,610,474</u>
Investments, Schedule 1	380,773,012	330,510,937
Fixed assets (Note 4)	261,664	243,369
Deferred charges (Note 5)	276,840	323,428
	<u>\$415,175,171</u>	<u>\$369,688,208</u>
LIABILITIES AND RETIREMENT FUND		
Current:		
Bank indebtedness	\$ 277,203	\$ —
Accounts payable (Note 6)	10,675,481	2,842,490
	<u>10,952,684</u>	<u>2,842,490</u>
Retirement fund:		
Teachers' contributions, including interest	388,785,886	351,503,211
Reserves	15,436,601	15,342,507
	<u>404,222,487</u>	<u>366,845,718</u>
	<u>\$415,175,171</u>	<u>\$369,688,208</u>

The accompanying notes are part of
these consolidated financial statements.

TEACHERS' RETIREMENT FUND
CONSOLIDATED STATEMENT OF TEACHERS' CONTRIBUTIONS, INCLUDING INTEREST
FOR THE YEAR ENDED AUGUST 31, 1986

	Public School Teachers	Private School Teachers	1986 Total	1985 Total
Balance at beginning of year	\$350,573,068	\$ 930,143	\$351,503,211	\$315,141,9
Add:				
Contributions by teachers	41,444,270	152,637	41,596,907	39,661,6
Interest allocated to teachers' accounts	11,780,167	31,117	11,811,284	10,308,2
Contributions in respect to teachers transferred from (to) the Superannuation Account of the Government of Canada, net	22,558	—	22,558	(16,5
Teachers' accounts reinstated	9,450	—	9,450	13,2
	<u>53,256,445</u>	<u>183,754</u>	<u>53,440,199</u>	<u>49,966,5</u>
	<u>403,829,513</u>	<u>1,113,897</u>	<u>404,943,410</u>	<u>365,108,4</u>
Deduct:				
Contributions of teachers pensioned during the year	11,913,071	6,582	11,919,653	9,732,5
Refunds to teachers and teachers' estates	3,765,609	22,755	3,788,364	3,730,0
Contributions in respect to teachers transferred to pension plans guaranteed by the Province of Alberta, net	303,885	1,670	305,555	177,8
Contributions in respect to teachers transferred to (from) other teachers' pension plans, net	125,103	1,283	126,386	(35,2
Payments in lieu of short service annuities	17,566	—	17,566	
	<u>16,125,234</u>	<u>32,290</u>	<u>16,157,524</u>	<u>13,605,2</u>
Balance at end of year	<u>\$387,704,279</u>	<u>\$1,081,607</u>	<u>\$388,785,886</u>	<u>\$351,503,2</u>

ST FUNDS

**TEACHERS' RETIREMENT FUND
CONSOLIDATED STATEMENT OF RESERVES
FOR THE YEAR ENDED AUGUST 31, 1986**

	<u>Province of Alberta Pension Reserve</u>	<u>Teachers' Pension Reserve</u>	<u>Private School Teachers' Pension Reserve</u>	<u>Short Service Annuities Reserve</u>	<u>1986 Total</u>	<u>1985 Total</u>
at beginning of year	\$ —	\$12,805,707	\$2,519,116	\$17,684	\$ 15,342,507	\$ 25,466,325
Contributions by the Province of Alberta	46,421,557	—	—	—	46,421,557	41,247,002
Earnings, Schedule 2	—	39,056,295	390,533	908	39,447,736	25,044,481
Contributions of teachers pensioned during the year	—	11,913,071	1,738	4,844	11,919,653	9,732,575
Transfers from other teachers' pension plans, net	780,664	895,863	(1,283)	—	1,675,244	2,297,080
Contributions by teachers	79,115	1,073,835	20,108	—	1,173,058	1,143,256
Contributions by employers	77,837	—	221,101	4,844	303,782	295,154
Contributions in respect to teachers transferred from the Superannuation Account of the Government of Canada, net	29,313	6,755	—	—	36,068	5,173
	<u>47,388,486</u>	<u>52,945,819</u>	<u>632,197</u>	<u>10,596</u>	<u>100,977,098</u>	<u>79,764,721</u>
	<u>47,388,486</u>	<u>65,751,526</u>	<u>3,151,313</u>	<u>28,280</u>	<u>116,319,605</u>	<u>105,231,046</u>
Interest payments	46,050,372	40,833,041	29,184	—	86,912,597	77,880,585
Interest allocated to teachers' accounts	—	11,780,167	31,117	—	11,811,284	10,308,246
Administration expenses, Schedule 3	851,353	842,925	8,428	—	1,702,706	1,460,017
Contributions in respect to teachers transferred to pension plans guaranteed by the Province of Alberta, net	468,955	(71,223)	1,670	—	399,402	213,594
Benefit payments	—	18,600	—	—	18,600	8,500
Payments in lieu of short service annuities	17,565	—	—	—	17,565	—
Teachers' accounts reinstated	—	9,450	—	—	9,450	13,244
Short service annuity payments	—	—	—	6,721	6,721	4,580
Net	241	(406)	4,844	—	4,679	(227)
	<u>47,388,486</u>	<u>53,412,554</u>	<u>75,243</u>	<u>6,721</u>	<u>100,883,004</u>	<u>89,888,539</u>
at end of year	\$ —	\$12,338,972	\$3,076,070	\$21,559	\$ 15,436,601	\$ 15,342,507

TEACHERS' RETIREMENT FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 1986

Note 1 Authority

The Teachers' Retirement Fund operates under the authority of the Teachers' Retirement Fund Act, Chapter T-2, Revised Statutes of Alberta, 1980.

Note 2 Summary of Significant Accounting Policies and Reporting Practices**Principles of Consolidation:**

The consolidated financial statements include the accounts of the Teachers' Retirement Fund and its wholly-owned subsidiary Tenerf Resources Ltd. Significant accounts between the pension fund and the subsidiary have been eliminated.

Investments:

Purchases and sales of investments are recorded on dates traded.

Investments are stated at cost or amortized cost where applicable. Amortization of premium or discount is calculated on a straight-line basis from acquisition date to maturity date.

Provision is made for any permanent decline in value of investments.

Gains or losses on sales of investments, including any unamortized premium or discount, are recognized in the year of disposal, insofar as these have not been provided for.

Short-term deposits held in foreign currencies are translated at year end exchange rates. Investments denominated in foreign currencies and revenue are translated at historical exchange rates. Gains or losses on translations as well as transactions during the year are included with the applicable investment income category.

Fixed Assets:

Fixed assets are recorded at cost. Depreciation and amortization are calculated using the straight-line method at the following rates so as to expense the cost of the assets over their estimated useful lives:

Furniture and equipment	10%
Electronic equipment	20% to 25%

Deferred Charges:

The deferred charges which relate to the costs of development of new computer systems are amortized over a five year period commencing with the month that a system becomes fully operational. The deferred charges which relate to the costs of the equity index fund simulation study are being amortized over a five year period commencing with the month that the Equity Index Fund was first established.

Changes in Financial Position:

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Accounts Receivable

Accounts receivable consist of the following:

	1986	1985
Investment sales and income	\$6,356,263	\$1,148,238
Contributions	2,068,724	1,762,116
Other	2,839	2,951
	<u>\$8,427,826</u>	<u>\$2,913,305</u>

Note 4 Fixed Assets

Fixed assets consist of the following:

	1986	1985		
	Cost	Accumulated Depreciation	Net	Net
Furniture and equipment	\$125,904	\$ 52,647	\$ 73,257	\$180,602
Electronic equipment	262,163	73,756	188,407	62,767
	<u>\$388,067</u>	<u>\$126,403</u>	<u>\$261,664</u>	<u>\$243,369</u>

Note 5 Deferred Charges

Deferred charges consist of the following:

	1986	1985		
	Cost	Accumulated Depreciation	Net	Net
Computer systems development	\$319,660	\$ 60,737	\$258,923	\$300,511
Equity index fund simulation study	25,000	7,083	17,917	22,917
	<u>\$344,660</u>	<u>\$ 67,820</u>	<u>\$276,840</u>	<u>\$323,428</u>

T FUNDS

Note 6 Accounts Payable

Accounts payable consist of the following:

	1986	1985
Investment purchases	\$ 8,977,500	\$ 626,020
Income tax withholdings	928,160	721,460
Province of Alberta	297,839	969,129
Other investment transactions	293,899	2,171
Pensions	128,525	123,979
Contribution refunds	4,114	311,714
Miscellaneous	45,444	88,017
	<u><u>\$10,675,481</u></u>	<u><u>\$2,842,490</u></u>

Note 7 Management of Investments

Part of the investment portfolio of the Fund is managed by a firm of investment managers. The assets controlled by the firm at August 31 are included on the balance sheet as follows:

	1986	1985
Investments	\$44,583,365	\$43,136,299
Accounts receivable	592,058	442,369
Short-term deposits	197,290	105,193
Accrued interest	26,269	6,695
Cash	838	131,615
	<u><u>\$45,399,820</u></u>	<u><u>\$43,822,171</u></u>

Note 8 Actuarial Valuation

The Act requires that an actuarial valuation be carried out at least once every 5 years. An actuarial valuation as at August 31, 1983 indicated that Fund assets would be insufficient by an amount of \$1,332,500,000 to meet the combined liabilities with respect to earned benefits for teachers on record at that date and those already on pension.

When preparing the 1983 valuation, the consulting actuary estimated that the deficiency would amount to approximately \$1,690,000,000 at August 31, 1986.

The Act provides that the payment of all benefits is guaranteed by the Province of Alberta.

Note 9 Commitments

As at August 31, 1986 the Teachers' Retirement Fund had outstanding commitments for the acquisition of mortgages, shares, and bonds amounting to \$2,630,000 (1985 \$23,411,000). In addition, the Fund sold two mortgages to third parties in October, 1983 which it has committed to repurchase at the end of five years. The principal balance at date of sale was \$2,715,000 and the commitment to repurchase is based on their book value at October 1, 1988.

Note 10 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to the 1986 presentation.

Note 11 Approval of Financial Statements

These financial statements were approved by management.

TEACHERS' RETIREMENT FUND
SCHEDULE OF INVESTMENTS
AUGUST 31, 1986

	<u>1986</u>	<u>1985</u>
Publicly traded securities:		
Bonds, debentures, coupons and residuals (market value 1986 \$144,413,569; 1985 \$117,670,391)	\$137,352,534	\$113,287,817
Shares, options and warrants (market value 1986 \$76,294,495; 1985 \$58,831,062)	<u>70,121,335</u> 207,473,869	<u>52,752,982</u> 166,040,799
Mortgages	66,314,086	72,368,682
Real estate (a)	73,397,574	67,596,021
Oil and gas (b)	21,383,533	14,573,306
Venture capital (c)	8,203,950	9,932,129
International equity funds (market value \$4,573,224)	<u>4,000,000</u> <u>\$380,773,012</u>	<u>—</u> <u>\$330,510,937</u>

- (a) Consists mainly of real estate held through two real estate companies (Pension Fund Realty Ltd. and Pension Fund Properties Ltd.) jointly owned by a number of pension funds.
- (b) Consists mainly of producing properties owned through partnerships, joint ventures, shares and participating debentures.
- (c) Consists of shares and partnerships.

T FUNDS

Schedule 2

**TEACHERS' RETIREMENT FUND
SCHEDULE OF FUND EARNINGS
FOR THE YEAR ENDED AUGUST 31, 1986**

	1986	1985
Income from investments:		
Publicly traded securities:		
Bonds, debentures, coupons and residuals	\$20,699,710	\$19,723,596
Shares, options and warrants	<u>3,780,931</u>	<u>4,120,750</u>
	24,480,641	23,844,346
Mortgages	5,523,530	7,620,872
Real estate	3,947,081	(1,221,666)
Oil and gas	2,254,263	1,509,868
Venture capital	<u>346,189</u>	<u>(8,929,922)</u>
	36,551,704	22,823,498
Income from short-term deposits	2,896,032	2,220,983
Fund earnings	<u>\$39,447,736</u>	<u>\$25,044,481</u>

Schedule 3

**TEACHERS' RETIREMENT FUND
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED AUGUST 31, 1986**

	1986	1985
Office salaries	\$ 741,844	\$ 659,539
Investment consultants	153,793	139,027
Bank, investment and mortgage servicing charges	151,661	152,928
Depreciation and amortization	124,839	19,044
Office rental	101,091	99,120
Legal fees	90,459	50,925
Rental of office equipment	42,279	19,798
Audit fee	37,200	34,100
Group insurance	32,192	29,097
Staff retirement plan	29,370	25,783
Data processing and program maintenance	28,461	54,490
Stationery and supplies	26,572	26,664
Postage	25,723	14,805
Telephone	22,177	14,096
Unemployment insurance	16,391	14,733
Servicing of office equipment	13,807	16,913
Communications with teachers and boards	10,612	12,276
Canada Pension Plan contributions	9,291	7,985
Board expenses	7,852	7,727
Safekeeping and custody of securities	7,637	9,190
Conferences	7,458	6,438
Delivery and transportation	5,063	5,220
Investment Committee members' honoraria	3,553	5,250
Actuarial costs	3,235	27,820
Insurance	1,883	1,699
Medical retainer	1,000	1,000
Staff recruitment costs	790	993
Loss on disposal of equipment, net	458	1,494
Miscellaneous	<u>6,015</u>	<u>1,863</u>
	<u>\$1,702,706</u>	<u>\$1,460,017</u>

SURFACE RECLAMATION FUND
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report
Balance Sheet
Notes to the Financial Statement

AUDITOR'S REPORT

To the Members of the Land Conservation
and Reclamation Council

I have examined the balance sheet of the Surface Reclamation Fund as at March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Fund as at March 31, 1987 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 10, 1987

ST FUNDS

**SURFACE RECLAMATION FUND
BALANCE SHEET
AS AT MARCH 31, 1987**

	1987	1986
ASSETS		
Cash (Note 2)	\$1,322,654	\$1,431,458
Securities in trust with the Province of Alberta	218,425	192,925
	<u>\$1,541,079</u>	<u>\$1,624,383</u>
LIABILITIES		
Trust Fund (Note 3)	<u>\$1,541,079</u>	<u>\$1,624,383</u>

The accompanying notes are part of this financial statement.

**SURFACE RECLAMATION FUND
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987**

Note 1 Authority

The Surface Reclamation Fund operates under the authority of the Land Surface Conservation and Reclamation Act, Chapter L-3, Revised Statutes of Alberta 1980, as amended. The purpose of the Fund is to hold security deposits received pursuant to the Act as an assurance that satisfactory land surface reclamation will be performed. Since all interest received by the Fund is allocated and subsequently paid to depositors, no surplus or deficit arises on the Fund's operations.

Note 2 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta.

Note 3 Trust Fund

Transactions in the Trust Fund are summarized as follows:

	Cash Deposits	Securities	1987 Total	1986 Total
Balance at beginning of year	\$1,431,458	\$ 192,925	\$1,624,383	\$2,635,654
Security deposits received	299,622	42,500	342,122	473,855
Interest received	<u>115,243</u>	<u>—</u>	<u>115,243</u>	<u>187,923</u>
	1,846,323	235,425	2,081,748	3,297,432
Security deposits returned	523,669	17,000	540,669	1,673,049
Balance at end of year	<u>\$1,322,654</u>	<u>\$ 218,425</u>	<u>\$1,541,079</u>	<u>\$1,624,383</u>

Note 4 Bank Guarantees

In addition to the deposits in trust and securities shown on the balance sheet, the Fund held bank guarantees as at March 31, 1987 in the amount of \$61,939,809 (1986 \$52,021,714).

Note 5 Approval of Financial Statement

This financial statement was approved by management.

IMPROVEMENT DISTRICTS' TRUST ACCOUNT
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Statement of Reserves
Statement of Equity in Fixed Assets
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have examined the balance sheet of the Improvement Districts' Trust Account as at December 31, 1986 and the statements of revenue, expenditure and surplus, reserves, equity in fixed assets and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, after giving retroactive effect to the change in accounting policy with respect to transfers between surplus and capital reserves as described in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
June 9, 1987

T FUNDS

**IMPROVEMENT DISTRICTS' TRUST ACCOUNT
BALANCE SHEET
AS AT DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
ASSETS		
CURRENT		
Cash and deposits (Note 5)	\$115,668,446	\$115,253,904
Taxes and grants in lieu receivable (Note 6)	4,629,171	5,147,207
Other accounts receivable	<u>1,410,036</u>	<u>1,075,652</u>
	121,707,653	121,476,763
INVESTMENT (Note 7)	1,250	1,250
LAND HELD FOR RESALE (Note 2)	157,954	159,305
FIXED (Note 8)	70,015,839	63,955,319
CASH HELD IN TRUST	<u>43,869</u>	<u>35,099</u>
	<u>\$191,926,565</u>	<u>\$185,627,736</u>
LIABILITIES		
CURRENT		
Due to Province of Alberta, net (Note 9)	\$ 18,254,212	\$ 14,484,737
Accounts payable and accruals (Note 10)	4,696,234	4,443,044
Deferred revenue	<u>1,014,145</u>	<u>703,281</u>
Current portion of long-term debt (Note 11)	<u>72,232</u>	<u>64,537</u>
	24,036,823	19,695,599
LONG-TERM DEBT (Note 11)	5,120,505	5,192,737
UNEXPENDED CAPITAL FUNDS (Note 12)	6,994,961	4,552,238
TAX SALE SURPLUS TRUST	<u>43,869</u>	<u>35,099</u>
	<u>36,196,158</u>	<u>29,475,673</u>
EQUITY		
SURPLUS	4,757,065	6,718,233
RESERVES	85,994,988	90,576,480
IN LAND HELD FOR RESALE	<u>155,252</u>	<u>159,305</u>
IN FIXED ASSETS	<u>64,823,102</u>	<u>58,698,045</u>
	<u>155,730,407</u>	<u>156,152,063</u>
	<u>\$191,926,565</u>	<u>\$185,627,736</u>

The accompanying notes are part
of these financial statements.

**IMPROVEMENT DISTRICTS' TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	4	5	6	7	8	9	12	13	14
REVENUE									
General Municipal (Note 4):									
Taxation:									
Real property	\$ —	\$129,703	\$314,051	\$ 405,555	\$1,410,870	\$ 5,210	\$10,194	\$ (450)	\$ 6,491,740
Power and pipeline	232	241,582	485,931	62,532	237,673	8,588	15,651	2,816	6,026,223
Provincial grants-in-lieu	—	3,669	818	6,677	2,661	—	—	—	37,055
Federal grants-in-lieu	1,292	91	—	—	8,662	10,490	(7,564)	11,736	1,751
Penalties and costs	—	14,573	1,702	16,541	14,206	697	7,724	11	153,420
Mobile home license fees	—	—	—	1,005	—	—	—	—	33,910
Industrial taxes	—	—	—	—	—	—	—	—	291,644
	1,524	389,618	802,502	492,310	1,674,072	24,985	26,005	14,113	13,035,743
Deduct: Expended by transfers:									
Supplementary school requisitions	—	140,977	340,565	166,939	452,289	—	—	5,584	6,146,022
Provincial school foundation	1,282	75,410	175,633	25,323	373,817	15,581	31,139	6,943	2,707,601
Alberta Planning Fund	—	1,508	3,644	1,387	8,485	—	—	—	53,662
Hospital requisitions	—	7,793	43,961	—	78,852	—	—	—	10,698
Seniors Foundation requisitions	—	—	4,022	4,721	23,811	—	—	—	125,616
Industrial taxes	—	—	—	—	29,580	—	—	—	247,140
	1,282	225,688	567,825	198,370	966,834	15,581	31,139	12,527	9,290,739
Net taxes for municipal purposes									
	242	163,930	234,677	293,940	707,238	9,404	(5,134)	1,586	3,745,004
Provincial grants:									
Municipal assistance	—	2,297	5,000	122,000	31,554	—	—	—	300,000
Agricultural Service Board	—	366	316	3,684	2,024	—	—	—	85,621
Environment	—	(10,125)	—	25,206	11,955	—	—	—	12,427
Recreation and culture	—	—	—	2,945	5,960	—	—	—	58,644
Other	—	—	—	2,404	5,270	—	—	—	57,734
	—	(7,462)	5,316	156,239	56,763	—	—	—	514,426
Interest									
Other	6,693	23,080	52,448	14,083	89,012	25,763	3,300	313	358,082
	—	53,476	7,085	22,535	181,891	—	—	342	292,286
	6,693	76,556	59,533	36,618	270,903	25,763	3,300	655	650,368
Utilities:									
Local improvement levies	—	—	—	58,575	—	—	—	—	48,574
Sale of services	—	—	—	34,556	—	—	—	—	25,261
Interest stabilization grants	—	—	—	4,598	—	—	—	—	20,780
Operating grants	—	—	—	—	—	—	—	—	—
Capital grants	—	—	—	—	69,177	—	—	—	37,412
Federal grants	—	—	—	—	—	—	—	—	—
	—	—	—	97,729	69,177	—	—	—	132,027
	6,935	233,024	299,526	584,526	1,104,081	35,167	(1,834)	2,241	5,041,825
EXPENDITURE									
General Municipal:									
Administrative services	112	18,108	53,899	91,370	201,846	277	1,038	499	403,173
Protective services	—	1,500	—	157,426	122,164	—	—	—	683,910
Transportation services	—	89,667	300,000	105,302	435,710	—	—	—	3,128,788
Garbage collection and disposal	—	5,720	—	37,782	53,717	—	—	—	8,763
Planning, subdivision, other	—	39,271	7,337	43,382	124,336	—	—	—	304,937
community services	—	—	—	50,137	76,129	—	—	—	435,591
Recreation and cultural services	—	—	—	—	—	—	—	—	—
	112	154,266	361,236	485,399	1,013,902	277	1,038	499	4,965,162
Utilities									
	—	—	—	559,081	399,298	—	—	—	343,011
	112	154,266	361,236	1,044,480	1,413,200	277	1,038	499	5,308,173
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE									
	6,823	78,758	(61,710)	(459,954)	(309,119)	34,890	(2,872)	1,742	(266,348)
ADD: SURPLUS AT BEGINNING OF YEAR									
	64,635	88,600	72,234	112,487	372,210	250,740	70,805	69	247,864
	71,458	167,358	10,524	(347,467)	63,091	285,630	67,933	1,811	(18,484)
ADD									
TRANSFER FROM (TO)									
OPERATING RESERVE, NET	(242)	303	14,954	(2,072)	7,059	(906)	(477)	2,075	(278,232)
TRANSFER FROM CAPITAL RESERVES:									
FOR OPERATING EXPENDITURE	—	—	—	15,019	29,580	—	—	—	—
FOR CAPITAL EXPENDITURE	—	—	—	75,912	277,000	—	—	—	—
TRANSFER TO CAPITAL RESERVES	—	—	—	—	(372,208)	—	—	—	(44,504)
TRANSFER TO UNEXPENDED CAPITAL FUNDS	—	—	—	—	—	—	—	—	(8,500)
TRANSFER FROM UNEXPENDED CAPITAL FUNDS	—	—	—	—	—	—	—	—	—
TRANSFER TO MUNICIPAL DISTRICTS PURSUANT TO INCORPORATION (NOTE 15)	—	—	—	448,446	15,129	—	—	—	472,491
SURPLUS AT END OF YEAR	\$71,216	\$167,661	\$ 25,478	\$189,838	\$ 19,651	\$284,724	\$67,456	\$ 3,886	\$ 122,771

F FUNDS

	<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>24</u>	<u>1986 TOTAL</u>	<u>1985 TOTAL</u>	
1	\$ 4,305,977	\$ 9,568,833	\$ 651,641	\$ 868,199	\$ 1,060,511	\$ 1,105,001	\$ 1,715,864	\$ 158	\$ 34,639,125	\$ 46,061,309	
5	6,590,349	6,706,395	506,337	664,847	609,147	1,335,228	2,594,837	1,151	35,578,712	29,302,356	
4	97,188	57,204	16,673	7,441	8,089	27,656	77,923	118	396,267	1,348,257	
5	5,703	103,489	—	2,912	138	360	11,023	2,298	154,056	163,150	
6	139,210	121,583	22,488	34,174	19,530	41,057	23,795	50	674,302	595,281	
0	10,628	54,071	—	—	—	—	39,896	—	176,231	221,826	
3	—	1,229,174	—	—	—	—	62,025	—	1,683,866	1,714,452	
5	11,149,055	17,840,749	1,197,139	1,577,573	1,697,415	2,509,302	4,525,363	3,775	71,302,559	79,406,631	
8	5,239,512	13,898,059	680,497	833,159	876,232	1,315,475	2,522,211	5,562	38,820,733	38,260,461	
2	2,217,129	5,280,424	117,744	169,369	225,878	325,061	673,438	1,040	15,261,848	16,123,416	
0	46,475	99,483	4,605	5,593	6,424	9,635	14,936	—	310,924	326,146	
1	57,282	351,580	—	—	—	9,754	69,874	459	669,011	707,715	
4	195,970	53,488	17,956	21,812	67,427	101,127	—	—	703,516	686,848	
0	132,700	1,142,940	—	—	—	105,060	—	—	1,911,700	1,893,420	
5	7,889,068	20,825,974	820,802	1,029,933	1,175,961	1,761,052	3,385,519	7,061	57,677,732	57,998,006	
0	3,259,987	(2,985,225)	376,337	547,640	521,454	748,250	1,139,844	(3,286)	13,624,827	21,408,625	
0	640,000	156,908	440,617	614,514	664,000	672,000	519,000	—	4,492,890	4,559,315	
6	177,427	104,871	65,147	75,697	56,619	78,729	59,293	—	796,361	722,367	
2	331,194	26,680	85,482	518,799	23,180	464,145	181,999	—	2,082,918	1,926,394	
—	66,896	205,949	—	—	120,000	127,860	20,000	—	628,254	400,336	
—	35,478	123,448	—	—	3,870	22,696	—	—	254,231	76,977	
8	1,250,995	617,856	591,246	1,209,010	867,669	1,365,430	780,292	—	8,254,654	7,685,389	
8	703,293	1,282,186	109,305	112,574	144,347	212,696	309,617	2,020	4,125,526	4,217,698	
3	458,560	168,503	36,321	58,866	73,062	35,888	162,607	552	1,824,351	1,354,721	
1	1,161,853	1,450,689	145,626	171,440	217,409	248,584	472,224	2,572	5,949,877	5,572,419	
4	136,374	8,315	—	34,439	19,129	28,463	153,407	—	545,294	607,374	
9	266,928	109,388	6,180	10,547	11,465	7,780	278,913	—	782,498	940,851	
5	52,183	9,776	—	26,906	—	14,124	77,866	—	223,009	530,815	
—	50,000	2,808	—	—	—	—	—	—	52,808	—	
—	1,006,119	1,444,185	—	—	—	8,852	34,708	—	2,600,453	5,640,848	
—	—	120,600	(5,000)	—	—	—	—	—	115,600	18,500	
2	1,511,604	1,695,072	1,180	71,892	30,594	59,219	544,894	—	4,319,662	7,738,388	
1	7,184,439	778,392	1,114,389	1,999,982	1,637,126	2,421,483	2,937,254	(714)	32,149,020	42,404,821	
0	765,897	508,217	117,843	217,348	167,536	300,367	235,789	331	3,672,115	3,299,130	
8	339,722	411,603	24,083	98,642	31,795	122,604	83,177	—	2,210,735	3,787,878	
5	3,719,308	3,791,701	605,117	1,288,191	800,607	1,186,501	1,659,117	—	21,794,696	17,702,536	
8	86,315	61,970	15,779	26,693	25,074	21,997	26,752	—	480,823	327,190	
7	728,909	578,703	157,182	256,903	192,775	298,523	329,832	—	3,553,900	3,229,364	
8	834,283	703,992	442,137	12,828	182,696	175,230	317,376	—	3,555,284	3,475,459	
82	6,474,434	6,056,186	1,362,141	1,900,605	1,400,483	2,105,222	2,652,043	331	35,267,553	31,821,557	
77	2,962,637	2,103,113	27,073	86,116	73,779	170,800	691,339	—	7,593,521	8,613,138	
9	9,437,071	8,159,299	1,389,214	1,986,721	1,474,262	2,276,022	3,343,382	331	42,861,074	40,434,695	
02	(2,252,632)	(7,380,907)	(274,825)	13,261	162,864	145,461	(406,128)	(1,045)	(10,712,054)	1,970,126	
54	107,545	1,429,651	334,250	214,686	532,676	932,105	854,779	9,059	6,718,233	13,276,992	
56	(2,145,087)	(5,951,256)	59,425	227,947	695,540	1,077,566	448,651	8,014	(3,993,821)	15,247,118	
51	178,992	5,785,995	30,471	(4,880)	240	22,798	(19,592)	1,459	5,752,708	2,376,115	
37	977,129	1,200,000	394,000	134,759	—	115,822	170,979	—	3,194,145	2,392,268	
04	994,901	—	—	—	—	3,624	234,473	—	1,730,614	908,828	
—	(5,935)	(86,234)	—	—	(343,000)	—	(515,345)	—	(1,615,246)	(7,030,631)	
96	—	(948,505)	—	—	—	—	(224,000)	—	(1,247,401)	(1,236,674)	
—	—	—	—	—	—	—	—	—	936,066	—	
—	—	—	—	—	—	—	—	—	—	(5,938,791)	
40	\$	\$	\$	\$ 483,896	\$ 357,826	\$ 352,780	\$ 1,219,810	\$ 95,166	\$ 9,473	\$ 4,757,065	\$ 6,718,233

**IMPROVEMENT DISTRICTS' TRUST ACCOUNT
STATEMENT OF RESERVES
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
OPERATING RESERVES		
Balance at beginning of year	\$42,901,594	\$52,220,254
Deduct: Transfer to surplus, net	5,752,708	2,376,115
Transferred to municipal districts pursuant to incorporation (Note 15)	—	6,942,545
Balance at end of year	<u>37,148,886</u>	<u>42,901,594</u>
CAPITAL RESERVES		
Balance at beginning of year	47,674,886	54,971,039
Add: Interest	4,465,063	4,039,572
Transfer from surplus	1,615,246	7,030,631
Funds in lieu of public reserves	15,666	34,501
Other	—	5,700
	<u>6,095,975</u>	<u>11,110,404</u>
	<u>53,770,861</u>	<u>66,081,443</u>
Deduct transfers to:		
Surplus for:		
Operations	3,194,145	2,392,268
Capital expenditure	1,730,614	908,828
Municipal districts pursuant to incorporation (Note 15)	—	15,105,461
	<u>4,924,759</u>	<u>18,406,557</u>
Balance at end of year	<u>48,846,102</u>	<u>47,674,886</u>
TOTAL RESERVES	<u><u>\$85,994,988</u></u>	<u><u>\$90,576,480</u></u>
COMPRISED OF:		
Operating reserves:		
Operating contingency fund	\$36,754,499	\$42,498,088
Non-municipal surplus	<u>394,387</u>	<u>403,506</u>
	<u>37,148,886</u>	<u>42,901,594</u>
Capital reserves:		
General capital	46,385,479	44,741,768
Industrial tax accumulation	1,892,037	2,429,344
Public reserve	568,586	503,774
	<u>48,846,102</u>	<u>47,674,886</u>
	<u><u>\$85,994,988</u></u>	<u><u>\$90,576,480</u></u>

**IMPROVEMENT DISTRICTS' TRUST ACCOUNT
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
BALANCE AT BEGINNING OF YEAR	<u>\$58,698,045</u>	<u>\$56,379,280</u>
Add: Purchase of fixed assets provided by:		
Capital grants	2,600,453	5,640,848
Capital reserves	1,730,614	908,828
Operations	2,017,990	843,225
	<u>6,349,057</u>	<u>7,392,901</u>
Repayment of long-term debt	64,537	76,986
	<u>6,413,594</u>	<u>7,469,887</u>
	<u>65,111,639</u>	<u>63,849,167</u>
Deduct: Fixed assets written-off	281,075	531,149
Land held for resale	7,462	88,605
Transferred to municipal districts pursuant to incorporation (Note 15)	—	4,531,368
	<u>288,537</u>	<u>5,151,122</u>
BALANCE AT END OF YEAR	<u><u>\$64,823,102</u></u>	<u><u>\$58,698,045</u></u>
Accounted for as follows:		
Fixed assets	\$70,015,839	\$63,955,319
Deduct: Long-term debt	5,192,737	5,257,274
	<u><u>\$64,823,102</u></u>	<u><u>\$58,698,045</u></u>

**IMPROVEMENT DISTRICTS' TRUST ACCOUNT
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
CASH WAS PROVIDED BY:		
Operations:		
Excess (deficiency) of revenue over expenditure	\$(10,712,054)	\$ 1,970,126
Transfer from unexpended capital funds	936,066	—
	<u>(9,775,988)</u>	<u>1,970,126</u>
Capital:		
Additions to capital reserves	4,480,729	4,079,773
Increase in unexpended capital funds	2,442,723	—
Sale of investments	—	140
	<u>6,923,452</u>	<u>4,079,913</u>
Working Capital:		
Decrease in receivables	183,652	3,419,849
Increase in current liabilities	4,333,529	—
	<u>4,517,181</u>	<u>3,419,849</u>
TOTAL CASH PROVIDED	<u>1,664,645</u>	<u>9,469,888</u>
CASH WAS APPLIED TO:		
Transfer to unexpended capital funds	1,247,401	1,236,674
Decrease in unexpended capital funds	—	947,228
	<u>1,247,401</u>	<u>2,183,902</u>
Working Capital:		
Land held for resale	2,702	—
Decrease in current liabilities	—	4,482,193
Net assets transferred to municipal districts pursuant to incorporation (Note 15)	—	27,986,796
	<u>2,702</u>	<u>32,468,989</u>
TOTAL CASH APPLIED	<u>1,250,103</u>	<u>34,652,891</u>
INCREASE (DECREASE) IN CASH AND DEPOSITS	<u>414,542</u>	<u>(25,183,003)</u>
Cash and deposits at beginning of year	115,253,904	140,436,907
Cash and deposits at end of year	<u>\$115,668,446</u>	<u>\$115,253,904</u>

IMPROVEMENT DISTRICTS' TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Improvement Districts' Trust Account operates under the authority of the Improvement Districts Act, Chapter I-1, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

a) Land Held for Resale

Inventory of land held for resale which has been acquired through provisions of the Tax Recovery Act is recorded at a nominal value of \$1. Land acquired for subdivision is recorded at cost.

b) Capital Reserves

Interest earned on amounts held in capital reserves is credited directly to the reserves.

c) Fixed Assets

Fixed asset acquisitions are included as expenditure and the proceeds from long-term debt used to finance fixed asset acquisitions are included as revenue in the statement of revenue, expenditure and surplus. Fixed assets having an original cost greater than \$2,500 are shown on the balance sheet at cost with the offsetting credit to equity in fixed assets. No provision is made for depreciation of fixed assets.

d) Long-Term Debt

Principal and interest payments on long-term debt are recorded as expenditures in the statement of revenue, expenditure and surplus.

e) Unexpended Capital Funds

Estimated unexpended capital monies originating from general municipal taxation revenue may be transferred to unexpended capital funds. Subsequently, as capital expenditures are incurred, these monies are transferred to surplus.

Other significant accounting policies are as follows:

Unexpended Capital Funds

Upon receipt, capital grants are treated as refundable advances and credited directly to unexpended capital funds. As expenditure is incurred on a capital project for which a grant is received, a matching portion of the grant is released from unexpended capital funds directly to revenue to finance the expenditure.

Note 3 Change in Accounting Policies

In prior years, transfers from capital reserves for operations and to finance current capital expenditures were reported as revenue. Effective January 1, 1986, the policy was adopted of recording such transfers from capital reserves as adjustments of surplus. This change of accounting policy has been applied retroactively and has the following effect on the financial statements.

	<u>1986</u>	<u>1985</u>
Decrease in revenue	\$4,924,759	\$3,301,096

There is no effect upon the surplus at beginning or at end of year nor upon capital reserves and unexpended capital funds.

Note 4 General Municipal Taxation Revenue

In Improvement District No. 18, tax levies in the amount of \$9,900,000, of which \$8,300,000 was due from Syncrude Canada Ltd. and \$1,600,000 from Suncor Inc., were cancelled under the provision of section 106(a) of the Municipal Taxation Act. The cancellation of taxes is reflected as reduced general municipal taxation revenue in the statement of revenue, expenditure and surplus.

Note 5 Cash and Deposits

	<u>1986</u>	<u>1985</u>
Cash	\$ 264,925	\$ 148,575
Deposits in Consolidated Cash Investment Trust Fund of the Province of Alberta	<u>115,403,521</u>	<u>115,105,329</u>
	<u>\$115,668,446</u>	<u>\$115,253,904</u>

Note 6 Taxes and Grants in Lieu Receivable

	<u>1986</u>	<u>1985</u>
Taxes receivable	\$4,645,347	\$4,928,631
Grants in lieu receivable:		
Provincial	105,271	328,716
Federal	<u>57,762</u>	<u>112,722</u>
	4,808,380	5,370,069
Deduct: Allowance for uncollectible taxes	<u>179,209</u>	<u>222,862</u>
	<u>\$4,629,171</u>	<u>\$5,147,207</u>

Note 7 Investment

	<u>1986</u>	<u>1985</u>
Alberta Municipal Financing Corporation shares, at cost	<u>\$1,250</u>	<u>\$1,250</u>

Note 8 Fixed Assets

Fixed assets at cost are:

	<u>1986</u>	<u>1985</u>
Engineering structures	\$58,353,534	\$53,266,911
Buildings	5,906,316	5,761,634
Machinery and equipment	1,375,001	1,185,322
Land	982,277	877,446
Vehicles	3,398,711	2,864,006
	<u>\$70,015,839</u>	<u>\$63,955,319</u>

Note 9 Due to Province of Alberta, net

	<u>1986</u>	<u>1985</u>
Due to Province of Alberta:		
Transportation	\$19,286,038	\$16,595,855
Assessment costs	609,003	526,231
Administration	153,730	888,468
Other	<u>313,852</u>	<u>315,320</u>
	<u>20,362,623</u>	<u>18,325,874</u>
Due from Province of Alberta:		
Grants	1,845,027	3,206,058
Homeowners' tax discounts	210,253	613,140
Other	<u>53,131</u>	<u>21,939</u>
	<u>2,108,411</u>	<u>3,841,137</u>
	<u><u>\$18,254,212</u></u>	<u><u>\$14,484,737</u></u>

Note 10 Accounts Payable and Accruals

	<u>1986</u>	<u>1985</u>
Trade accounts payable	\$3,334,606	\$2,650,250
Construction holdbacks	664,986	1,083,437
Accrued debenture interest	364,712	367,961
Other	<u>331,930</u>	<u>341,396</u>
	<u><u>\$4,696,234</u></u>	<u><u>\$4,443,044</u></u>

F FUNDS

Note 11 Long-Term Debt

	1986	1985
Debentures:		
Alberta Municipal Financing Corporation:		
8½%, 1970 issue due 1995	\$ 15,546	\$ 16,669
9¾%, 1974 issue due 1999	12,033	12,501
10½%, 1975 issue due 2000	135,641	139,872
10 %, 1976 issue due 2001	45,173	46,465
9¼%, 1977 issue due 2002	397,722	408,520
16 %, 1982 issue due 2002*	47,411	48,082
9¾%, 1978 issue due 2003	697,628	713,673
10¾%, 1979 issue due 2004	226,945	231,288
12¾%, 1980 issue due 2005	201,041	203,669
16½%, 1981 issue due 2006*	124,412	125,284
19 %, 1981 issue due 2006*	334,625	336,325
15¾%, 1982 issue due 2007*	136,071	136,971
16 %, 1982 issue due 2007*	241,293	242,836
16½%, 1982 issue due 2007*	1,227,264	1,234,595
17 %, 1982 issue due 2007*	1,120,262	1,126,515
12¾%, 1983 issue due 2008	139,401	140,634
	<hr/>	<hr/>
	5,102,468	5,163,899
Advances:		
Alberta Mortgage and Housing Corporation:		
7¾%, due 2001	90,269	93,375
	<hr/>	<hr/>
	5,192,737	5,257,274
Amount repayable within one year	72,232	64,537
	<hr/>	<hr/>
	\$5,120,505	\$5,192,737

* With effect from January 1, 1987, Alberta Municipal Financing Corporation debenture rates in excess of 14% were reduced to 14%.

Anticipated requirements to meet the principal portion of long-term debt repayments during the next five years are as follows:

1987 - \$ 72,232
1988 - 91,200
1989 - 101,712
1990 - 113,480
1991 - 126,659

Summary of total debt by I.D.:

	1986	1985
I.D. 7	\$ 255,804	\$ 263,590
I.D. 14	461,523	465,924
I.D. 15	430,513	440,415
I.D. 16	257,962	262,097
I.D. 17	1,158,772	1,171,542
I.D. 18	194,269	195,511
I.D. 20	334,625	336,325
I.D. 21	139,401	140,634
I.D. 22	255,276	256,801
I.D. 23	1,704,592	1,724,435
	<hr/>	<hr/>
	\$5,192,737	\$5,257,274

Note 12 Unexpended Capital Funds

	1986	1985
Balance at beginning of year	\$ 4,552,238	\$ 5,499,466
Add: Capital grants received	4,693,679	3,456,696
Transfer from surplus	1,247,401	1,236,674
Other	38,162	250
	<hr/>	<hr/>
10,531,480		10,193,086
Deduct: Capital grants released to revenue	2,600,453	5,640,848
Transfer to surplus	936,066	—
	<hr/>	<hr/>
3,536,519		5,640,848
Balance at end of year	\$ 6,994,961	\$ 4,552,238
	<hr/>	<hr/>

Note 13 Commitments

At the year end, unexpended contractual commitments amounted to \$1,268,229 (1985 - \$1,822,558).

Note 14 Contingent Liability

Shell Canada Ltd. has taken an action to receive certain assessment exemptions under the Municipal Taxation Act. The amount of any possible exemptions cannot be determined at this time.

Note 15 Incorporation

Pursuant to the Municipal District of Cypress No. 1 Incorporation Act, Chapter M-24.6, Statutes of Alberta 1984 and the Municipal District of Clearwater No. 99 Incorporation Act, Chapter M-24.5, Statutes of Alberta 1984, Improvement Districts No. 1 and 10 respectively were dissolved effective January 1, 1985 and all assets, liabilities, rights, duties, functions and obligations of the Minister of Municipal Affairs in respect of Improvement Districts No. 1 and 10 were vested in the municipalities.

Note 16 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

	<u>1986</u>
Supplies and services:	
Direct	\$ 9,894,165
Other Alberta government departments	20,043,966
Fixed assets	6,349,057
Grants	3,263,547
Manpower	2,497,007
Interest on long-term debt	748,795
Repayment of long-term debt	64,537
	<u>\$42,861,074</u>

Note 17 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 18 Approval of Financial Statements

These financial statements were approved by management.

METIS POPULATION BETTERMENT TRUST ACCOUNT
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report

Statement of Receipts, Payments and Trust Account Balance

Notes to the Financial Statement

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have examined the statement of receipts, payments and Trust Account balance of the Metis Population Betterment Trust Account for the year ended March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the balance of the Account as at March 31, 1987 and the receipts and payments for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 1 to the financial statement applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
July 17, 1987

**METIS POPULATION BETTERMENT TRUST ACCOUNT
STATEMENT OF RECEIPTS, PAYMENTS AND TRUST ACCOUNT BALANCE
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Receipts:		
Surface rights compensation:		
Right of entry	\$ 690,679	\$ 536,716
Road agreements	<u>12,980</u>	<u>21,864</u>
	703,659	558,580
Seismic exploration compensation	305,739	526,472
Reforestation dues	39,953	26,724
Land levies	14,428	24,193
Timber dues	12,431	8,133
Sand and gravel sales	—	138,079
Miscellaneous	<u>57</u>	<u>18,421</u>
	1,076,267	1,300,602
Interest	499,682	476,497
Grant from the Province of Alberta, Department of Municipal Affairs (Note 2)	4,676	—
Housing and wiring loan repayment monies collected on behalf of the Province of Alberta	<u>3,231</u>	<u>3,966</u>
	<u>1,583,856</u>	<u>1,781,065</u>
Payments:		
Grants (Note 3):		
Metis settlement associations annual operating grants	565,171	—
Reforestation	32,000	51,051
Other	<u>150,540</u>	<u>230,172</u>
	747,711	281,223
Other operating costs (Note 4)	77,070	405,094
Transfer to Metis Settlement Associations Grants Administration Fund	—	263,779
Housing and wiring loan repayment monies paid to the Province of Alberta	<u>3,406</u>	<u>4,111</u>
	<u>828,187</u>	<u>954,207</u>
Excess of receipts over payments	755,669	826,858
Balance at beginning of year	<u>5,282,214</u>	<u>4,455,356</u>
Balance at end of year	<u>\$6,037,883</u>	<u>\$5,282,214</u>
Balance represented by deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta	<u>\$6,037,883</u>	<u>\$5,282,214</u>

The accompanying notes are part
of this financial statement.

METIS POPULATION BETTERMENT TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987

Note 1 Entity

This financial statement is prepared on a cash basis from the transactions of the "Metis Population Betterment Trust" account of the Consolidated Cash Investment Trust Fund of the Province of Alberta.

Note 2 Grant Receipts

The grant received from the Department of Municipal Affairs represents the per capita grant under the Alberta Municipal Partnership in Local Employment program for the year ended March 31, 1987.

Note 3 Grant Payments**a) Metis Settlement Associations Annual Operating Grants**

Payment of operating expenses from the Trust Account has been discontinued in favour of the payment of operating grants to the Metis settlement associations. Each association commenced the new arrangement at a date falling within the year. The annual operating grants are based on the annual budget approved by the Minister and were paid to the following Metis settlement associations:

	<u>1987</u>
Paddle Prairie Waskayigun Association	\$ 63,617
Peavine Waskayigun Association	99,253
Gift Lake Waskayigun Association	91,737
East Prairie Waskayigun Association	52,035
Kikino Metis Settlement Association	70,793
Caslan Metis Settlement Association	54,821
Elizabeth Metis Settlement Association	64,820
Fishing Lake Waskayigun Association	68,095
	<u>\$565,171</u>

b) Reforestation

Reforestation grants, to be applied to the preservation of forest lands, were paid to the following Metis Settlement Associations:

	<u>1987</u>	<u>1986</u>
Paddle Prairie Waskayigun Association	\$ 32,000	\$ 21,301
Gift Lake Waskayigun Association	<u>—</u>	29,750
	<u>\$ 32,000</u>	<u>\$ 51,051</u>

c) Other

	<u>1987</u>	<u>1986</u>
Alberta Federation of Metis Settlement Associations	\$142,928	\$162,198
Peavine Waskayigun Association	<u>—</u>	65,000
Miscellaneous	7,612	2,974
	<u>\$150,540</u>	<u>\$230,172</u>

Note 4 Other Operating Costs

Other operating costs paid from the Trust Account are summarized as follows:

	<u>1987</u>	<u>1986</u>
Wages and benefits	\$65,510	\$284,706
Insurance	4,256	5,846
Travel	2,802	27,703
Building and equipment rentals	2,075	30,758
Utilities	1,496	13,968
Other contract services	552	10,844
Fixed assets	356	8,660
Materials and supplies	<u>23</u>	<u>22,609</u>
	<u>\$77,070</u>	<u>\$405,094</u>

Note 5 Administration Costs

Certain administration services are provided at no charge by the Province of Alberta and accordingly are not reflected in this financial statement.

Note 6 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 7 Approval of Financial Statement

This financial statement was approved by management.

METIS SETTLEMENTS TRUST FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have examined the balance sheet of the Metis Settlements Trust Fund as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
May 25, 1987

ST FUNDS

**METIS SETTLEMENTS TRUST FUND
BALANCE SHEET
MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSET		
Cash	<u>\$210,075</u>	<u>\$395,560</u>
LIABILITIES AND UNEXPENDED FUNDS		
Grants payable	\$ —	\$ 12,608
Unexpended funds	<u>210,075</u>	<u>382,952</u>
	<u>\$210,075</u>	<u>\$395,560</u>

The accompanying notes are part
of these financial statements.

**METIS SETTLEMENTS TRUST FUND
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
Revenue:		
Interest	\$ 30,537	\$ 40,145
Expenditure:		
Grants	<u>203,414</u>	<u>93,829</u>
Excess of expenditure over revenue	172,877	53,684
Unexpended funds at beginning of year	<u>382,952</u>	<u>436,636</u>
Unexpended funds at end of year (Note 3)	<u>\$210,075</u>	<u>\$382,952</u>

METIS SETTLEMENTS TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Metis Settlements Trust Fund operates under the authority of the Department of Municipal Affairs Act, Chapter D-25.1, Statutes of Alberta 1986.

Note 2 Significant Accounting Policies and Reporting Practices

(i) Grants

Grants are recorded in the financial statements as expenditure when approved.

(ii) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Summary of Transactions and Unexpended Funds by Settlement

Settlement	Unexpended Funds March 31, 1986	For the Year Ended March 31, 1987		Unexpended Funds March 31, 1987
		Revenue	Expenditure	
Paddle Prairie	\$167,260	\$11,876	\$175,000	\$ 4,136
Big Prairie	2,021	188	—	2,209
Gift Lake	142,668	13,257	—	155,925
East Prairie	3,177	295	—	3,472
Kikino	448	41	—	489
Caslan	6,228	132	5,991	369
Elizabeth	449	319	—	768
Fishing Lake	60,701	4,429	22,423	42,707
	<u>\$382,952</u>	<u>\$30,537</u>	<u>\$203,414</u>	<u>\$210,075</u>

Note 4 Administration Costs

Certain administration services are provided at no charge by the Province of Alberta and accordingly are not reflected in these financial statements.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

SPECIAL AREAS TRUST ACCOUNT
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Accumulated Surplus
Statement of Capital Reserves
Statement of Equity in Fixed Assets
Statement of Changes in Cash Resources
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have examined the balance sheet of the Special Areas Trust Account as at December 31, 1986 and the statements of revenue, expenditure and accumulated surplus, capital reserves, equity in fixed assets and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, after giving retroactive effect to the change in the capital reserves accounting policies as described in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
March 27, 1987

**SPECIAL AREAS TRUST ACCOUNT
BALANCE SHEET
AS AT DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
ASSETS		
Current:		
Cash (Note 4)	\$15,380,287	\$13,670,716
Accounts receivable (Note 5)	2,759,184	2,519,315
Taxes and grants in lieu receivable	362,018	237,304
Inventories (Note 2)	981,227	1,024,329
Prepaid expenses	26,169	12,035
	<u>19,508,885</u>	<u>17,463,699</u>
Non-Current:		
Accounts receivable (Note 5)	14,744,855	15,536,478
Investment (Note 6)	150	150
Fixed (Notes 2 and 7)	<u>16,066,629</u>	<u>14,747,972</u>
	<u>\$50,320,519</u>	<u>\$47,748,299</u>
LIABILITIES AND TRUST EQUITY		
Current:		
Due to Province of Alberta, net (Note 8)	\$ 1,399,241	\$ 1,142,566
Accounts payable and accruals	416,955	708,974
Deferred revenue	91,644	98,193
	<u>1,907,840</u>	<u>1,949,733</u>
Trust Equity:		
Accumulated surplus (Note 3)	3,512,106	3,761,595
Capital reserves (Note 2)	28,833,944	27,288,999
Fixed assets (Note 2)	<u>16,066,629</u>	<u>14,747,972</u>
	<u>48,412,679</u>	<u>45,798,566</u>
	<u>\$50,320,519</u>	<u>\$47,748,299</u>

The accompanying notes are part
of these financial statements.

T FUNDS

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1986

	<u>1986</u>	<u>1985</u>
REVENUE		
General Municipal:		
Taxation:		
Power and pipeline	\$ 4,471,304	\$ 4,564,570
Real property	3,430,579	3,185,675
Grazing	827,398	850,277
Provincial grants in lieu	91,599	66,057
Penalties and costs on taxes	62,966	40,380
Mobile home license fees	2,945	2,224
	<u>8,886,791</u>	<u>8,709,183</u>
Less: Expended by transfers:		
Supplementary school requisitions	3,547,946	3,345,204
Provincial school foundation	1,672,851	1,838,070
Homes for aged requisitions	209,513	235,528
Hospital requisitions	101,571	109,008
Alberta Planning Fund requisitions	47,186	48,801
Industrial tax transfers	26,880	24,180
	<u>5,605,947</u>	<u>5,600,791</u>
Net taxes for municipal purposes	3,280,844	3,108,392
Tax recovery land sales (Note 9)	2,166,090	3,633,623
Leases	3,522,626	3,600,248
Provincial grants (Note 10)	3,071,149	3,239,643
Interest	2,422,804	2,690,400
Other	673,501	572,277
Proceeds from sales of fixed assets	—	88,468
TOTAL REVENUE	<u>15,137,014</u>	<u>16,933,051</u>
EXPENDITURE		
General Municipal:		
Transportation services	10,835,567	11,759,451
Administrative services	1,590,037	1,796,474
Environmental development services	745,946	557,365
Recreational, cultural and educational services	350,716	227,681
Protective services	232,205	269,248
Health and welfare services	87,087	45,340
TOTAL EXPENDITURE	<u>13,841,558</u>	<u>14,655,559</u>
Excess of revenue over expenditure	1,295,456	2,277,492
Accumulated surplus at beginning of year	3,761,595	4,665,812
	<u>5,057,051</u>	<u>6,943,304</u>
Add:		
Transfers from capital reserves		
Funding for purchase of fixed assets	555,724	465,611
Less:		
Transfers to capital reserves		
Tax recovery land sales	2,077,105	3,551,184
Municipal debt reduction interest	23,564	96,136
	<u>2,100,669</u>	<u>3,647,320</u>
Accumulated surplus at end of year	<u>\$ 3,512,106</u>	<u>\$ 3,761,595</u>
Increase (decrease) in accumulated surplus compared to the previous year	<u>\$ (249,489)</u>	<u>\$ (904,217)</u>

**SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CAPITAL RESERVES
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
TAX RECOVERY LAND SALES RESERVE		
Balance at beginning of year	\$26,725,325	\$23,174,141
Add: Net sales transferred from operations	<u>2,077,105</u>	<u>3,551,184</u>
Balance at end of year	<u>28,802,430</u>	<u>26,725,325</u>
MUNICIPAL DEBT REDUCTION RESERVE		
Balance at beginning of year	528,176	932,040
Add: Interest transferred from operations	<u>23,564</u>	<u>96,136</u>
	<u>551,740</u>	<u>1,028,176</u>
Less: Funding of capital expenditure transferred to unexpended capital funds	<u>551,740</u>	<u>500,000</u>
Balance at end of year	<u>—</u>	<u>528,176</u>
PUBLIC RESERVE		
Balance at beginning and end of year	<u>1,109</u>	<u>1,109</u>
UNEXPENDED CAPITAL FUNDS		
Balance at beginning of year	34,389	—
Transfer from municipal debt reduction reserve	<u>551,740</u>	<u>500,000</u>
	<u>586,129</u>	<u>500,000</u>
Transfer to surplus		
Cost of fixed assets financed through capital reserves	<u>555,724</u>	<u>465,611</u>
Balance at end of year	<u>30,405</u>	<u>34,389</u>
TOTAL CAPITAL RESERVES	<u>\$28,833,944</u>	<u>\$27,288,999</u>

**SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
Balance at beginning of year	<u>\$14,747,972</u>	<u>\$13,078,571</u>
Add: Purchase of fixed assets		
Transportation services	1,327,601	1,555,472
Environmental development services	91,346	24,589
Administrative services	28,263	348,522
Protective services	—	91,101
	<u>1,447,210</u>	<u>2,019,684</u>
Less: Disposal of fixed assets	<u>16,195,182</u>	<u>15,098,255</u>
Balance at end of year	<u>128,553</u>	<u>350,283</u>
	<u>\$16,066,629</u>	<u>\$14,747,972</u>

F FUNDS

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGES IN CASH RESOURCES
FOR THE YEAR ENDED DECEMBER 31, 1986

	<u>1986</u>	<u>1985</u>
Sources of cash:		
Cash from operations:		
Excess of revenue over expenditure	\$ 1,295,456	\$ 2,277,492
Decrease in non-current assets	<u>791,623</u>	<u>—</u>
	<u>2,087,079</u>	<u>2,277,492</u>
Uses of cash:		
Cash applied to working capital:		
Increase in non-cash current assets	335,615	307,007
Decrease in current liabilities	<u>41,893</u>	<u>694,393</u>
	<u>377,508</u>	<u>1,001,400</u>
Increase in non-current assets	<u>—</u>	<u>638,895</u>
	<u>377,508</u>	<u>1,640,295</u>
Increase in cash	1,709,571	637,197
Cash at beginning of year	<u>13,670,716</u>	<u>13,033,519</u>
Cash at end of year	<u>\$15,380,287</u>	<u>\$13,670,716</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Special Areas Trust Account operates under the authority of the Special Areas Act, Chapter S-20, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies

- (i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

(a) Fixed Assets

Fixed asset acquisitions are included as expenditure in the statement of revenue, expenditure and accumulated surplus. For information purposes, fixed assets having an original cost greater than \$2,500 are shown on the balance sheet at cost with the offsetting credit to equity in fixed assets. No provision is made for depreciation of fixed assets.

(b) Revenues

Revenues from crop shares and Wheat Board adjustments are recorded on a cash basis.

(c) Tax Recovery Land

Tax recovery land is not valued for balance sheet purposes. Approximately 1,489 million acres of tax recovery land remains unsold as at December 31, 1986 (1985 - 1,530 million acres).

- (ii) Other significant accounting policies are as follows:

(a) Inventories:

Inventories are valued at the lower of cost or net realizable value.

Cost is determined as follows:

	<u>1986</u>	<u>1985</u>
Parts and other, average cost	\$651,182	\$ 606,488
Gravel, first in first out	315,371	408,981
Fuel, first in first out	<u>14,674</u>	<u>8,860</u>
	<u>\$981,227</u>	<u>\$1,024,329</u>

(b) Capital Reserves:

The reserves have been established for the funding of any expenditure that the Minister of Municipal Affairs may authorize.

The reserves include revenue from the sale of tax recovery land, cash in lieu of public reserve and funds received under the Municipal Debt Reduction Act. Interest earned on municipal debt reduction funds is transferred to the reserve from operations.

Note 3 Change in Accounting Policy

In prior years transfers between accumulated surplus and capital reserves were reported as expenditures and revenues. The cost of fixed asset purchases financed out of capital reserves was charged directly to capital reserves.

Effective January 1, 1986 the Trust adopted the policy of recording transfers to and from capital reserves as adjustments of accumulated surplus, charging to expenditure the entire cost of fixed asset acquisitions and recording the cost of fixed asset purchases financed out of capital reserves as transfers from capital reserves to accumulated surplus.

This change of accounting policy has been applied retroactively and has the following effect on the financial statements.

	<u>1986</u>	<u>1985</u>
Increases in expenditures due to charging entire cost of fixed asset acquisitions:		
Transportation services	\$ 472,156	\$ 107,536
Administrative services	17,121	343,186
Environmental development services	<u>66,447</u>	<u>14,889</u>
	<u>555,724</u>	<u>465,611</u>
Decrease in expenditure due to recording of transfers as adjustments of operating surplus		
	<u>2,100,669</u>	<u>3,647,320</u>
Decrease in total expenditures	<u>\$1,544,945</u>	<u>\$3,181,709</u>

There is no effect on the capital reserves and the accumulated surplus at beginning or end of year.

FUND\$

Note 4 Cash

Cash includes a deposit of \$14,947,473 in the Consolidated Cash Investment Trust Fund of the Province of Alberta (1985 - \$13,057,163).

Note 5 Accounts Receivable

Accounts receivable are comprised of the following:

	1986	1985
Current:		
Tax Recovery:		
Land sales	\$ 1,758,717	\$ 1,549,160
Accrued interest	<u>599,473</u>	<u>636,439</u>
	2,358,190	2,185,599
Leases	200,763	186,772
Recreation advances	52,974	36,735
Miscellaneous	<u>147,257</u>	<u>110,209</u>
	<u>\$ 2,759,184</u>	<u>\$ 2,519,315</u>
Non-Current:		
Tax Recovery:		
Land sales	\$14,453,856	\$15,336,709
Recreation advances	<u>275,834</u>	<u>180,408</u>
Miscellaneous	<u>15,165</u>	<u>19,361</u>
	<u>\$14,744,855</u>	<u>\$15,536,478</u>

Title to tax recovery land sold is not transferred from the Minister of Municipal Affairs to the purchaser until all purchase monies have been paid. If a purchaser defaults in payment, the agreement for sale may be declared null and void and all monies received may be retained by the Trust Account as liquidated damages.

Note 6 Investment

	1986	1985
Alberta Municipal Financing Corporation shares at cost	<u>\$150</u>	<u>\$150</u>

Note 7 Fixed Assets

Fixed assets, at cost are comprised of the following:

	1986	1985
Land	\$ 173,441	\$ 264,080
Buildings	4,176,999	4,093,206
Vehicle and mobile equipment	10,932,571	9,706,236
Machinery and equipment	752,841	654,528
Electronic data processing equipment	21,432	20,577
Office equipment	<u>9,345</u>	<u>9,345</u>
	<u>\$16,066,629</u>	<u>\$14,747,972</u>

Note 8 Due to Province of Alberta, net

The net amount due to the Province of Alberta is comprised of the following:

	1986	1985
Due to the Province of Alberta:		
Salaries	\$ 453,748	\$1,112,010
Administration charges	102,624	94,428
Other	<u>1,011,505</u>	<u>51,540</u>
	<u>1,567,877</u>	<u>1,257,978</u>
Due from the Province of Alberta:		
Grants	(106,233)	(42,425)
Other	<u>(62,403)</u>	<u>(72,987)</u>
	<u>(168,636)</u>	<u>(115,412)</u>
	<u>\$1,399,241</u>	<u>\$1,142,566</u>

Note 9 Tax Recovery Land Sale Revenue

Tax recovery land sale revenue is comprised of the following:

	<u>1986</u>	<u>1985</u>
Land sales - agreements	\$1,858,440	\$3,063,000
Land sales - full payment	215,280	492,320
Mineral surface lease sales	92,370	78,303
	<u>\$2,166,090</u>	<u>\$3,633,623</u>

Note 10 Provincial Grants

Provincial grant revenue is comprised of the following:

	<u>1986</u>	<u>1985</u>
Transportation and Utilities	\$1,667,144	\$1,991,940
Municipal Affairs	1,129,284	1,024,082
Agriculture	184,865	147,681
Recreation and Parks	70,000	56,823
Career Development and Employment	10,304	18,062
Environment	8,495	—
Executive Council - Public Safety Services	1,057	1,055
	<u>\$3,071,149</u>	<u>\$3,239,643</u>

Note 11 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 12 Approval of Financial Statements

These financial statements have been approved by management.

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' GROUP LIFE INSURANCE TRUST ACCOUNT
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Board of
The Alberta Government Telephones
Employees' Pension and Death Benefit Fund

I have examined the balance sheet of The Alberta Government Telephones Employees' Group Life Insurance Trust Account as at December 31, 1986 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at December 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.
Auditor General

Edmonton, Alberta
March 12, 1987

**THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' GROUP LIFE INSURANCE TRUST ACCOUNT
BALANCE SHEET
AS AT DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
ASSETS		
Current:		
Cash	\$ 55,685	\$ 38,793
Short-term investments	620,000	600,000
Accounts receivable	7,757	238,532
Dividends receivable	1,520	1,520
Accrued interest	140,884	114,424
	<u>825,846</u>	<u>993,269</u>
Investments:		
Bonds and debentures (Note 4)	6,780,862	5,627,532
Shares (Note 5)	80,000	80,000
	<u>6,860,862</u>	<u>5,707,532</u>
	<u>\$7,686,708</u>	<u>\$6,700,801</u>
LIABILITIES AND RETAINED EARNINGS		
Current:		
Accounts payable	\$ 926	\$ 875
Retained earnings	7,685,782	6,699,926
	<u>\$7,686,708</u>	<u>\$6,700,801</u>

The accompanying notes are part
of these financial statements.

**THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' GROUP LIFE INSURANCE TRUST ACCOUNT
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
Contributions received:		
Active employees	\$1,737,932	\$1,724,907
Retired employees	102,618	94,734
Voluntary	169,564	140,118
	<u>2,010,114</u>	<u>1,959,759</u>
Premiums paid:		
Active employees	1,344,179	1,252,555
Retired employees	320,450	261,465
Voluntary	169,591	140,219
	<u>1,834,220</u>	<u>1,654,239</u>
Excess of contributions over premiums for the year	175,894	305,520
Rebate from underwriter	23,778	238,487
Net income before investment income	199,672	544,007
Investment income (Note 6)	786,184	690,520
Net income for the year	985,856	1,234,527
Retained earnings at beginning of year	6,699,926	5,465,399
Retained earnings at end of year	<u>\$7,685,782</u>	<u>\$6,699,926</u>

**THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' GROUP LIFE INSURANCE TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986**

Note 1 Background and Authority

The Group Life Insurance Trust Account was commenced on July 1, 1971 following the establishment of a group life insurance plan by The Alberta Government Telephones Commission for the benefit of its employees and pensioners. Contributions under the plan are paid into the group life insurance trust account and premiums charged by the underwriter are paid out of this account. Any excess funds are invested by the Alberta Government Telephones Pension Board who have been assigned the responsibility for the administration of the plan by the Commission.

Note 2 Significant Accounting Policies and Reporting Practices

a) Investments

Investments are recorded at cost or amortized cost where applicable. Amortization of premium or discount is calculated using a straight-line method.

b) Rebate from Underwriter

Rebates of premiums paid to the underwriter relating to the period ended June 30 are recognized in the corresponding fiscal year of the Trust Account.

c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Expenses

All administration expenses are borne by The Alberta Government Telephones Commission and are not reflected in these financial statements.

Note 4 Bonds and Debentures

Bonds and debentures, at amortized cost, consist of:

	<u>1986</u>	<u>1985</u>
Par value:		
Government of Canada, direct and guaranteed	\$2,891,250	\$2,819,500
Provincial, direct and guaranteed	2,620,000	1,720,000
Municipal	275,000	275,000
Corporate	<u>1,350,000</u>	<u>1,310,000</u>
	7,136,250	6,124,500
Less unamortized discount	<u>355,388</u>	<u>496,968</u>
	<u>\$6,780,862</u>	<u>\$5,627,532</u>
Approximate market value	<u>\$7,309,700</u>	<u>\$6,093,100</u>

Note 5 Shares

Shares, at cost, consist of:

	<u>1986</u>	<u>1985</u>
Preferred shares	<u>\$80,000</u>	<u>\$80,000</u>
Approximate market value	<u>\$57,500</u>	<u>\$69,000</u>

Note 6 Investment Income

Investment income consists of:

	<u>1986</u>	<u>1985</u>
Bonds and debentures interest and amortization	<u>\$734,797</u>	<u>\$651,106</u>
Short-term investment income	42,680	32,286
Dividends	6,080	6,080
Gain on sale of bonds	2,092	750
Bank interest	464	298
Miscellaneous	<u>71</u>	<u>—</u>
	<u>\$786,184</u>	<u>\$690,520</u>

Note 7 Approval of Financial Statements

These financial statements were approved by the Pension Board.

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Consolidated Balance Sheet
Consolidated Statement of Operations
Consolidated Statement of Changes in Financial Position
Notes to the Consolidated Financial Statements
Consolidated Schedule of Net Earnings

AUDITOR'S REPORT

To the Members of the Board of
The Alberta Government Telephones
Employees' Pension and Death Benefit Fund

I have examined the consolidated balance sheet of The Alberta Government Telephones Employees' Pension and Death Benefit Fund as at December 31, 1986 and the consolidated statements of operations and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Fund as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
March 20, 1987

**THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1986**

	1986	1985
ASSETS		
Current:		
Short-term investments	\$ 53,485,987	\$ 18,040,888
Contributions receivable	2,806,009	2,829,944
Accrued interest	8,619,747	8,759,699
Accounts receivable	3,955,238	5,028,272
Prepaid expenses	41,808	14,445
	<u>68,908,789</u>	<u>34,673,248</u>
Investments:		
Mortgages receivable (Note 5)	86,440,212	86,453,165
Bonds and debentures (Note 6)	244,150,229	224,549,801
Equities (Note 7)	281,793,719	232,128,145
Oil and gas properties	—	5,900,249
Land and buildings	8,543,460	5,684,000
Farm land	2,410,622	2,410,122
	<u>623,338,242</u>	<u>557,125,482</u>
Fixed assets:		
Computer equipment, at cost	—	10,608
Less: Accumulated depreciation	—	4,933
	<u>—</u>	<u>5,675</u>
	<u>\$692,247,031</u>	<u>\$591,804,405</u>
LIABILITIES AND RESERVES		
Current:		
Bank overdraft	\$ 554,699	\$ 114,666
Accounts payable	510,187	1,319,802
Due to ATI pension fund (Note 8)	6,475,967	6,172,765
	<u>7,540,853</u>	<u>7,607,233</u>
Deferred credits:		
Unamortized exchange gains	—	14,481
Unearned income	—	21,220
	<u>—</u>	<u>35,701</u>
General investment reserve (Note 9)	<u>1,560,000</u>	<u>1,395,000</u>
Pension and Death Benefit Fund:		
Reserve for future benefits	683,146,178	582,766,471
	<u>\$692,247,031</u>	<u>\$591,804,405</u>

The accompanying notes are part
of these financial statements.

**THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
Balance at beginning of year	\$582,766,471	\$512,170,894
Add:		
Net earnings, Schedule 1	<u>74,470,777</u>	<u>48,605,694</u>
Contributions from The Alberta Government Telephones Commission:		
Regular (Note 10)	<u>21,409,288</u>	<u>22,104,384</u>
Supplemental	<u>2,510,159</u>	<u>2,485,236</u>
	<u>23,919,447</u>	<u>24,589,620</u>
Contributions from employees:		
Regular	<u>16,638,885</u>	<u>16,870,327</u>
Supplemental	<u>2,511,894</u>	<u>2,489,282</u>
Voluntary	<u>935,881</u>	<u>749,450</u>
	<u>20,086,660</u>	<u>20,109,059</u>
Contributions and earnings transferred from other pension authorities	<u>32,453</u>	<u>12,138</u>
Transfer from ATI pension fund (Note 8)	<u>2,742,621</u>	<u>—</u>
	<u>704,018,429</u>	<u>605,487,405</u>
Deduct:		
Pension payments	<u>15,093,719</u>	<u>13,613,998</u>
Withdrawals	<u>2,513,207</u>	<u>2,632,228</u>
Death benefit payments	<u>78,000</u>	<u>120,000</u>
Death settlement payments	<u>52,897</u>	<u>99,535</u>
Contributions and earnings transferred to other pension authorities	<u>88,778</u>	<u>82,408</u>
Transfer to ATI pension fund (Note 8)	<u>3,045,650</u>	<u>6,172,765</u>
	<u>20,872,251</u>	<u>22,720,934</u>
Balance at end of year	<u>\$683,146,178</u>	<u>\$582,766,471</u>

**THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986**

	<u>1986</u>	<u>1985</u>
Operating activities:		
Net earnings, Schedule 1	\$ 74,470,777	\$ 48,605,694
Items not requiring an outlay of cash:		
Provision for the decline in value of investments (Note 11)	5,123,248	6,862,667
Amortization of premiums and discounts, net	1,519,301	1,043,939
Acquisition of land and buildings	(2,859,460)	(1,072,000)
Other (Note 11)	131,208	132,020
Net change in non-cash working capital components (Note 11)	<u>703,145</u>	<u>2,613,420</u>
Cash provided by operating activities	<u>79,088,219</u>	<u>58,185,740</u>
Financing activities:		
Contributions, net of payments, withdrawals and transfers	<u>25,908,930</u>	<u>21,989,883</u>
Investing activities:		
Increase in equities	(53,738,688)	(57,621,866)
Increase in bonds and debentures	(21,119,701)	(47,587,946)
(Increase) decrease in oil and gas properties	5,900,249	(3,400,249)
(Increase) decrease in mortgages receivable	(1,037,209)	9,848,888
Decrease in computer equipment	3,766	—
Increase in farm land	(500)	—
Cash used by investing activities	<u>(69,992,083)</u>	<u>(98,761,173)</u>
Cash and cash equivalents:		
Increase (decrease) during the year	35,005,066	(18,585,550)
Balance at beginning of year	<u>17,926,222</u>	<u>36,511,772</u>
Balance at end of year	<u>\$ 52,931,288</u>	<u>\$ 17,926,222</u>

**THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1986**

- Note 1 Authority**
 The Alberta Government Telephones Employees' Pension and Death Benefit Fund operates under the authority of The Alberta Government Telephones Act, Chapter A-23, Revised Statutes of Alberta 1980.
- Note 2 Significant Accounting Policies and Reporting Practices**
- a) **Principles of Consolidation**
 The consolidated financial statements include the accounts of The Alberta Government Telephones Employees' Pension and Death Benefit Fund and its wholly - owned subsidiary, Step by Step Resources Ltd.
 Step by Step Resources Ltd. is incorporated in the Province of Alberta. Its purpose is to own and participate in development drilling programs for petroleum and natural gas wells located in Canada.
 Significant accounts between the Fund and the subsidiary have been eliminated.
 - b) **Investments**
 Investments, except for land and buildings (Note 2(f)), are recorded at cost or amortized cost where applicable. Amortization of premium or discount is calculated on a straight-line basis from acquisition date to maturity date. Allowances are recorded to recognize any permanent decline in value of investments.
 Dividend income is recognized at the date dividends are declared.
 - c) **Market Value**
 Market values of investments which are not publicly quoted are determined by management based on relevant information available.
 - d) **Translation of Foreign Currencies**
 Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the rate in effect at the transaction date.
 Realized exchange gains or losses are reflected in net income for the year.
 - e) **General Investment Reserve**
 Represents an amount set aside from income to cover extraordinary losses incurred on liquidation of assets as a result of default, bankruptcy or reorganization.
 - f) **Land and Buildings**
 The investment in land and buildings is recorded at the lower of cost and net realizable value as determined by an independent appraisal.
- Note 3 Administration Expenses**
 All administration expenses except for the cost of investment services are borne by The Alberta Government Telephones Commission and are not reflected in these financial statements. These expenses amounted to \$595,780 for the year ended December 31, 1986, (1985 \$562,155).
- Note 4 Investment in Subsidiary Company**
 The following is a summary of the Fund's interest in Step by Step Resources Ltd.

	<u>1986</u>	<u>1985</u>
Assets	\$10,229,315	\$9,021,156
Liabilities	47,384	107,630
Equity	<u>\$10,181,931</u>	<u>\$8,913,526</u>

ST FUNDS

Note 5 Mortgages Receivable

Mortgages receivable, at amortized cost, consist of:

	1986	1985
National Housing Act mortgages	\$45,814,096	\$40,196,506
Mortgages insured by The Mortgage Insurance Company of Canada	9,439,406	13,501,039
Other first mortgages	<u>32,454,280</u>	<u>34,333,163</u>
	87,707,782	88,030,708
Add: Unamortized premium	<u>16,482</u>	<u>16,510</u>
	87,724,264	88,047,218
Less: Allowance for uncollectable mortgages receivable	1,284,052	1,594,053
	<u>\$86,440,212</u>	<u>\$86,453,165</u>
Approximate market value	<u>\$88,438,500</u>	<u>\$87,015,700</u>

Note 6 Bonds and Debentures

Bonds and debentures, at amortized cost, consist of:

	1986	1985
Government of Canada, direct and guaranteed	\$115,297,000	\$120,397,000
Provincial, direct and guaranteed	51,233,000	34,733,000
Municipal	5,487,000	5,500,000
Corporations	<u>54,109,626</u>	<u>50,164,486</u>
Par value	226,126,626	210,794,486
Add: Unamortized discounts and premiums, net	<u>18,023,603</u>	<u>13,755,315</u>
	<u>\$244,150,229</u>	<u>\$224,549,801</u>
Approximate market value	<u>\$275,449,000</u>	<u>\$254,338,500</u>

Note 7 Equities

Equities consist of:

	1986	1985
Common shares	\$265,163,818	\$217,992,530
Preferred shares	4,686,531	4,862,352
Limited partnership units	10,766,495	13,600,763
Warrants	<u>1,176,875</u>	<u>1,392,500</u>
Total cost of equities	281,793,719	237,848,145
Less: Allowance for decline in value of:		
Limited partnership units	—	4,000,000
Common shares	—	1,720,000
	<u>\$281,793,719</u>	<u>\$232,128,145</u>
Approximate market value	<u>\$340,100,000</u>	<u>\$287,877,300</u>

Note 8 Due to ATI Pension Fund

During the year, the Board of Directors of Alta. Telecom International Ltd. (ATI), a wholly-owned subsidiary of The Alberta Government Telephones Commission, continued a pension plan for its employees.

This liability represents the net value of pension benefits credited to employees of the Commission who were transferred to and from ATI.

Note 9 General Investment Reserve

	1986	1985
Balance at beginning of year	\$1,395,000	\$1,170,000
Add: Current year's provision	<u>165,000</u>	<u>2,140,497</u>
	1,560,000	3,310,497
Less: Write down of common shares	—	1,915,497
Balance at end of year	<u>\$1,560,000</u>	<u>\$1,395,000</u>

Note 10 Actuarial Valuation

An independent actuarial valuation of the Pension Fund as at December 31, 1985 indicated no unfunded liability. In the opinion of the actuaries, the Fund as constituted at the valuation date, together with contributions expected to be received, is sufficient to provide benefits under the Plan as they fall due.

Note 11 Changes in Financial Position

	1986	1985
Provision for the decline in value of investments:		
Common shares	\$ 3,073,114	\$ 3,576,760
Limited partnership units	1,000,000	2,521,000
Mortgages receivable	1,050,134	764,907
	<u>\$ 5,123,248</u>	<u>\$ 6,862,667</u>
Other:		
Appropriation to general investment reserve, net	\$ 165,000	\$ 225,000
Decrease in deferred credits	(35,701)	(94,890)
Depreciation	1,909	1,910
	<u>\$ 131,208</u>	<u>\$ 132,020</u>
Net change in non-cash working capital components:		
Decrease (increase) in current assets	\$ 1,209,558	\$(2,865,781)
Increase (decrease) in current liabilities	(506,413)	5,479,201
	<u>\$ 703,145</u>	<u>\$ 2,613,420</u>

Note 12 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 13 Approval of Financial Statements

These financial statements were approved by the Pension Board.

Sched

**THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED SCHEDULE OF NET EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986	1985
Bond and debenture income, net	\$26,416,469	\$24,290,877
Profit on sales of equities, net	18,732,355	8,259,059
Dividends, net	10,508,032	7,879,232
Mortgage income	10,310,713	11,365,274
Profit on sales of bonds, net	8,857,866	2,254,723
Interest on short-term investments	3,958,147	1,684,148
Income from partnership units, net	708,088	673,253
Income from oil and gas properties, net	464,010	1,281,195
Income from land and buildings, net	157,956	103,115
Income from farm land, net	98,521	93,627
Profit on sale of land and building	76,750	90,758
U.S. exchange (loss) gains realized	(148)	63,337
Other interest income, net	35,976	33,717
	<u>80,324,735</u>	<u>58,072,315</u>
Deduct:		
Provision for decline in value of common shares	3,073,114	3,576,760
Provision for non-repayment of mortgages	1,050,134	764,907
Provision for decline in value of limited partnership units	1,000,000	2,521,000
Investment services, net	385,585	247,253
Mortgage management service fees	137,850	143,179
Expenses incurred on equities	24,213	40,842
Honorarium and expenses of board member	7,146	7,000
Mortgage legal fees	5,270	8,101
Bank overdraft interest	3,737	15,172
Depreciation	1,909	1,910
	<u>5,688,958</u>	<u>7,326,124</u>
Net earnings before appropriation to general investment reserve	74,635,777	50,746,191
Appropriation to general investment reserve	(165,000)	(2,140,497)
Net earnings for the year	<u>\$74,470,777</u>	<u>\$48,605,694</u>

CONSOLIDATED CASH INVESTMENT TRUST FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Balance Sheet
Statement of Income
Notes to the Financial Statements
Schedule of Investments

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Consolidated Cash Investment Trust Fund as at March 31, 1987 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
July 31, 1987

**CONSOLIDATED CASH INVESTMENT TRUST FUND
BALANCE SHEET
MARCH 31, 1987
(thousands of dollars)**

	<u>1987</u>	<u>1986</u>
ASSETS		
Accrued interest	\$ 1,173	\$ 648
Investments, Schedule 1	<u>971,250</u>	<u>1,211,363</u>
	<u>\$972,423</u>	<u>\$1,212,011</u>
LIABILITIES		
Due to depositors (Note 3)	<u>\$972,423</u>	<u>\$1,212,011</u>

The accompanying notes are part
of these financial statements.

**CONSOLIDATED CASH INVESTMENT TRUST FUND
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)**

	<u>1987</u>	<u>1986</u>
Investment income	<u>\$102,982</u>	<u>\$ 120,287</u>
Distributions to depositors	<u>\$102,982</u>	<u>\$ 120,287</u>

CONSOLIDATED CASH INVESTMENT TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Consolidated Cash Investment Trust Fund operates under the authority of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) Investments are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.
The cost of investments disposed of is determined on the average cost basis. Realized gains and losses on disposals of investments are included in the determination of investment income.
- (b) Investments and payables in respect of forward exchange contracts denominated in foreign currency are translated at the rate of exchange in effect at the balance sheet date. Unrealized exchange gains or losses relating to hedged monetary assets are deferred.
- (c) A statement of changes in financial position has not been provided as disclosure in these financial statements is considered to be adequate.

Note 3 Due to Depositors

	<u>1987</u>	<u>1986</u>
Participation of depositors at end of year	\$975,775,000	\$1,210,429,000
Deferred translation gains and losses, receivables and payables relating to forward exchange contracts, net	(3,352,000)	1,582,000
	<u>\$972,423,000</u>	<u>\$1,212,011,000</u>

Note 4 Approval of Financial Statements

These financial statements were approved by management.

**CONSOLIDATED CASH INVESTMENT TRUST FUND
INVESTMENTS
MARCH 31, 1987
(thousands of dollars)**

	1987		1986	
	Book Value	Market Value	Book Value	Market Value
Bond coupons and residuals:				
Government of Canada, direct	\$ 92,414	\$ 93,259	\$ 75,023	\$ 74,779
Bonds:				
Government of Canada, direct	25,288	25,497	—	—
Mid-term money market securities:				
Promissory notes	14,378	14,546	—	—
Bearer deposit note	4,731	4,772	—	—
Short-term money market securities (a):				
Treasury bills:				
Government of Canada	365,633	365,633	411,900	411,900
Province of Alberta	27,324	27,324	—	—
Other provinces	60,726	60,726	49,696	49,696
Deposit receipts	154,934	154,934	240,009	240,009
Promissory notes:				
Province of Alberta	10,000	10,000	—	—
Other provinces	9,840	9,840	58,561	58,561
Corporate	74,165	74,165	140,826	140,826
Bankers' acceptances	92,427	92,427	117,158	117,158
Bearer deposit notes	39,390	39,390	29,168	29,168
Certificates of deposit	—	—	59,022	59,022
Call loans	—	—	30,000	30,000
	<u>\$971,250</u>	<u>\$972,513</u>	<u>\$1,211,363</u>	<u>\$1,211,119</u>

(a) The market value of short-term money market securities is estimated to approximate cost.

GENERAL TRUST ACCOUNT
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report
Statement of Assets and Liabilities
Notes to the Financial Statement
Schedule of Liabilities to Depositors - Cash
Schedule of Liabilities to Depositors - Security Deposits Held

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the statement of assets and liabilities of the General Trust Account as at March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the General Trust Account as at March 31, 1987 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
June 26, 1987

**GENERAL TRUST ACCOUNT
STATEMENT OF ASSETS AND LIABILITIES
MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Cash	\$13,039,582	\$28,762,794
Security deposits held	<u>21,465,053</u>	<u>26,154,078</u>
	<u>\$34,504,635</u>	<u>\$54,916,872</u>
LIABILITIES		
Accounts payable	\$ 42,312	\$ 9,375
Liabilities to depositors:		
Cash, Schedule 1	12,997,270	28,753,419
Security deposits held, Schedule 2	<u>21,465,053</u>	<u>26,154,078</u>
	<u>\$34,504,635</u>	<u>\$54,916,872</u>

The accompanying notes are part
of this financial statement.

**GENERAL TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987**

- Note 1 Significant Accounting Policies and Reporting Practices
 Security Deposits Held
 Negotiable and/or cashable instruments held, and the matching liabilities therefor, are recorded at par value. Written financial guarantees, including performance bonds, held by the Province are not reflected in this financial statement.
 Liabilities to Depositors
 Liabilities to depositors are not individually listed but are grouped under the Department charged with responsibility for receiving or withholding and disbursing monies or for administering the legislation pursuant to which the security deposits are received and held.
- Note 2 Income
 Interest income earned by the General Trust Account on cash deposits is not paid to individual depositors but is instead credited in full directly to the General Revenue Fund. Income earned on security deposits held belongs to the parties lodging the securities with the Province.
- Note 3 Expenditure
 Salaries, accommodation and other overhead costs incurred in the administration of the Account have been borne by the General Revenue Fund and are not reflected in this financial statement.
- Note 4 Comparative Figures
 The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.
- Note 5 Approval of Financial Statement
 This financial statement was approved by management.

GENERAL TRUST ACCOUNT
SCHEDULE OF LIABILITIES TO DEPOSITORS - CASH
MARCH 31, 1987

	1987	1986
Advanced Education:		
General	\$ 171,400	\$ 5,000
Agriculture:		
Canadian Dairy Commission	595,390	517,283
General	336,863	172,771
4H Trust Account	7,847	378
Attorney General:		
General	64,665	149,593
Community and Occupational Health:		
General	120,548	—
Consumer and Corporate Affairs:		
General	90,922	154,663
Culture:		
Contract Holdbacks	—	58,869
C.O. Nickle Donation	37,200	37,200
Economic Development and Trade:		
Trade Show and Conference Account	24,400	66,200
Contract Holdbacks	11,199	3,885
Energy:		
Alberta Oil Sands Technology and Research Authority - Contract Holdbacks	—	1,207,897
Mines and Minerals Act - Securities Trust	3,089,592	4,399,646
Oil and Gas Conservation Act - Securities Trust	—	1,164,618
Environment:		
Contract Holdbacks	—	4,037,145
General	24,850	118,649
Forestry, Lands and Wildlife:		
Fish Hatchery Trust	2,199	7,268
Forests Act - Securities Trust	872,636	731,517
General	1,578,739	1,884,054
Labour:		
Employment Standards - Securities Trust	176,510	229,549
Industrial Wages - Securities Trust	29,133	23,898
Personnel Administration Office	19,286	12,111
Municipal Affairs:		
General	334,564	55,948
Suspense	1,799	6,212
Tax Recovery Trust	10,368	24,664
Public Works, Supply and Services:		
Contracts	296,456	7,510,649
Recreation and Parks:		
General	153,981	441,231
Social Services:		
General	4,000	141,520
Tourism:		
General	—	10,000
Transportation and Utilities:		
Contract Holdbacks	4,812,607	5,495,426
Deposits for Specifications	46,200	19,800
Land Purchase Holdback Trust	75,916	65,775
Treasury:		
General	8,000	—
	<u>\$12,997,270</u>	<u>\$28,753,419</u>

GENERAL TRUST ACCOUNT
 SCHEDULE OF LIABILITIES TO DEPOSITORS - SECURITY DEPOSITS HELD
 MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
Energy:		
Mines and Minerals Act - Securities Trust	\$18,724,961	\$19,577,183
Oil and Gas Conservation Act - Securities Trust	—	3,702,301
Forestry, Lands and Wildlife:		
Forests Act - Securities Trust	692,430	735,740
General	439,594	426,612
Labour:		
Industrial Wages - Securities Trust	371,068	484,803
Public Works, Supply and Services:		
Contracts	191,000	140,439
Recreation and Parks:		
General	1,046,000	1,087,000
	<u>\$21,465,053</u>	<u>\$26,154,078</u>

T FUNDS

OTHER TRUST FUNDS AND OTHER MONEY OVER WHICH
THE LEGISLATURE HAS NO POWER OF APPROPRIATION
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report

Statement of Assets, Liabilities and Trust Equities

Notes to the Financial Statement

Schedule of Trust Equities

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the statement of assets, liabilities and trust equities of the Other Trust Funds and Other Money Over Which the Legislature Has No Power of Appropriation as at March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Other Trust Funds and Other Money Over Which the Legislature Has No Power of Appropriation as at March 31, 1987 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

C.A.

Auditor General

Edmonton, Alberta
October 2, 1987

**OTHER TRUST FUNDS AND OTHER MONEY OVER WHICH
THE LEGISLATURE HAS NO POWER OF APPROPRIATION
STATEMENT OF ASSETS, LIABILITIES AND TRUST EQUITIES
AS AT MARCH 31, 1987**

	<u>1987</u>	<u>1986</u>
ASSETS		
Cash	\$61,544,174	\$55,499,153
Accounts and loans receivable	3,136,214	1,776,483
Investments	3,067,748	3,993,397
Damage, security and other deposits	17,761,182	23,589,306
Other	<u>517,028</u>	<u>552,259</u>
	<u>\$86,026,346</u>	<u>\$85,410,598</u>
LIABILITIES AND TRUST EQUITIES		
Liabilities:		
Accounts payable	\$ 2,735,357	\$ 3,302,125
Trust equities (Schedule 1)	<u>83,290,989</u>	<u>82,108,473</u>
	<u>\$86,026,346</u>	<u>\$85,410,598</u>

The accompanying notes are part
of this financial statement.

**OTHER TRUST FUNDS AND OTHER MONEY OVER WHICH THE
LEGISLATURE HAS NO POWER OF APPROPRIATION
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987**

Note 1 Investments

Investments are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Note 2 Damage, Security and Other Deposits

Damage and security deposits are held pending satisfactory completion of contract work, or lodged with the government to secure proper performance of some act as required by legislation; they are valued at par or face amount. Other deposits are held by various courts and sheriffs' offices pending the outcome of civil litigation.

Note 3 Comparative Figures

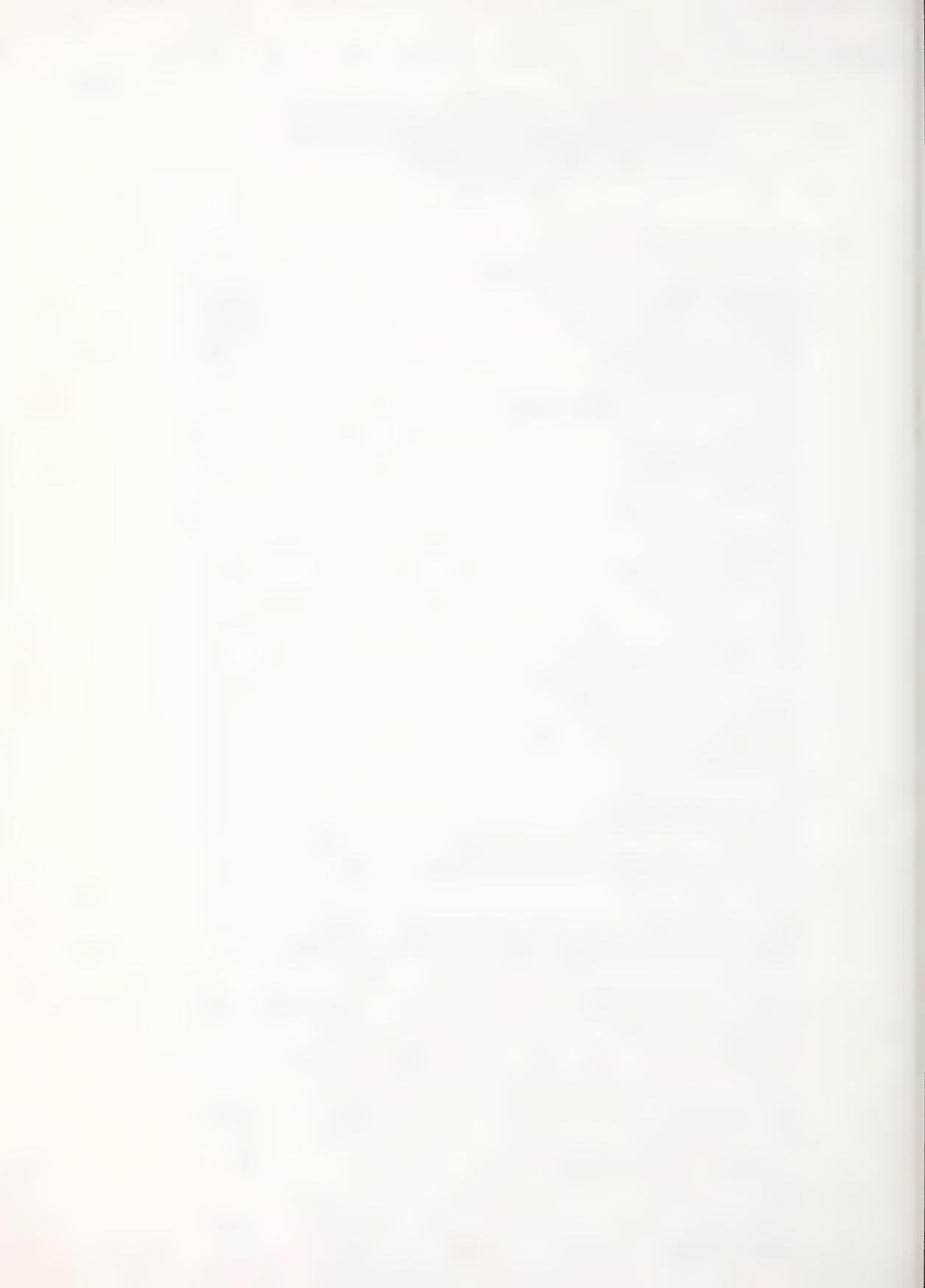
The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.

Note 4 Approval of Financial Statement

This financial statement has been approved by management.

**OTHER TRUST FUNDS AND OTHER MONEY OVER WHICH THE
LEGISLATURE HAS NO POWER OF APPROPRIATION**
SCHEDULE OF TRUST EQUITIES
MARCH 31, 1987

	<u>1987</u>	<u>1986</u>
OTHER TRUST FUNDS:		
Advanced Education		
Advanced Education Endowment Fund	\$ 1,137,757	\$ 1,299,262
John Joseph Collett Memorial Scholarship Fund	3,420	3,447
Agriculture		
Claude Gallinger Memorial Fund	21,093	20,895
National Tripartite Price Stabilization Program Trust Account	2,298,791	—
Pennington Memorial Scholarship Fund	23,057	23,247
Thomas Caryk Memorial Scholarship Fund	5,406	—
Attorney General		
Land Titles Offices	88,670	98,739
Maintenance Enforcement Trust	299,593	13,741
Various Courts and Sheriffs' Offices	26,839,316	31,178,652
Community and Occupational Health		
Various Institutions Trust Accounts	208,799	208,968
Consumer and Corporate Affairs		
Collection Practices Act Trust	50,000	45,300
Debtors Assistance Trust	28,613	39,997
Insurance Companies Trust	4,396,400	5,229,000
Orderly Payment of Debts	104,837	125,276
Securities Act Trust	12,925	22,925
Culture		
Fort Dunvegan Historical Society Trust Fund	31,125	28,505
New Canadian Encyclopedia Publishing Ltd. Trust Fund	10,012	1,263
Education		
Expo '86 Student Travel Trust Fund	793,637	—
Federal French Language Grants Fund	4,780,988	4,441,327
School for the Deaf Donations	29,721	17,287
School for the Deaf Pupils Trust	3,019	2,620
Mildred Rowe Weston Estate Trust	69,047	68,340
Labour		
Long Term Disability Benefit Fund	640,607	397,445
Long Term Disability Benefit Fund - Bargaining Unit	(238,375)	(735,050)
Municipal Affairs		
Metis Settlement Associations Grants Administration Fund	1,021,603	1,531,765
Public Works, Supply and Services		
Security Deposits Trust Fund	25,827	7,081
Recreation and Parks		
International Youth Year - 1985 Trust Fund	205,992	465,053
1987 Western Canada Games Trust Fund	148,364	—
Social Services		
Child Welfare Family Allowance Trust	80,369	89,629
Child Welfare Trust	2,028	113,979
Various Institutions Trust Accounts	1,560,807	1,786,417
Solicitor General		
Correctional Institutions Trust Accounts	360,706	259,956
Treasury		
A.L. Sifton Estate	475,992	436,001
Ultimate Heir Trust Fund "A"	667,012	577,659
Ultimate Heir Trust Fund "B"	3,347,482	3,033,482
OTHER MONEY OVER WHICH THE LEGISLATURE HAS NO POWER OF APPROPRIATION:		
Treasury		
Bond and Coupon Accounts:		
Matured Interest	345,327	740,205
Unpresented Debentures	201,051	131,973
Payroll Deductions Trust	33,209,971	30,404,087
	<u>\$83,290,989</u>	<u>\$82,108,473</u>



SECTION 9

1986-87 PUBLIC ACCOUNTS

ALPHABETICAL INDEX OF FUNDS AND AGENCIES

**ALPHABETICAL INDEX OF
FUNDS AND AGENCIES**

	Page
Advanced Education - General (Trust)	8.59
Advanced Education Endowment Fund (Trust)	8.63
Agriculture - General (Trust)	8.59
Agricultural Research Council of Alberta	6.6
Alberta Agricultural Development Corporation	5.3
Alberta Agricultural Research Trust	5.10
Alberta Alcohol and Drug Abuse Commission	5.29
Alberta Art Foundation, The	5.33
Alberta Capital Fund	4.28
Alberta Cultural Heritage Foundation, The	5.37
Alberta Dairy Control Board	5.13
Alberta Educational Communications Corporation, The	5.143
Alberta Electric Energy Marketing Agency	5.155
Alberta Environmental Research Trust	5.92
Alberta Foundation for the Literary Arts, The	5.40
Alberta Foundation for the Performing Arts, The	5.43
Alberta General Insurance Company, The	7.9
Alberta Government Telephones Commission, The	7.34
Alberta Government Telephones Employees' Group Life Insurance Trust Account (Trust), The	8.45
Alberta Government Telephones Employees' Pension and Death Benefit Fund (Trust), The	8.48
Alberta Hail and Crop Insurance Corporation	5.17
Alberta Heritage Foundation for Medical Research Endowment Fund	4.34
Alberta Heritage Savings Trust Fund	4.39
Alberta Heritage Scholarship Fund	4.51
Alberta Historical Resources Foundation, The	5.49
Alberta Intermodal Services Ltd.	7.24
Alberta Liquor Control Board	7.28
Alberta Mortgage and Housing Corporation	5.114
Alberta Motion Picture Development Corporation	5.63
Alberta Municipal Financing Corporation	5.164
Alberta Oil Sands Technology and Research Authority	5.73
Alberta Oil Sands Technology and Research Authority - Contract Holdbacks (Trust)	8.59
Alberta Opportunity Company	5.67
Alberta Petroleum Incentives Program Fund	4.8
Alberta Petroleum Marketing Commission	5.77
Alberta Planning Fund	4.18
Alberta Provincial Corporation Loan Fund	4.56
Alberta Racing Commission	5.138
Alberta Research Council	5.145
Alberta Resources Railway Corporation	5.149
Alberta Risk Management Fund	4.77
Alberta Special Waste Management Corporation	5.95
Alberta Sport Council	5.129
Alberta Terminals Ltd.	7.3
Alberta Urban Hospitals Project Management Ltd.	5.111
Attorney General - General (Trust)	8.59
Bond and Coupon Account - Matured Interest (Trust)	8.63
Bond and Coupon Account - Unpresented Debentures (Trust)	8.63
Canadian Dairy Commission (Trust)	8.59
Chattel Security Registries Assurance Fund	4.77
Child Welfare Family Allowance Trust (Trust)	8.63
Child Welfare Trust (Trust)	8.63
Claude Gallinger Memorial Fund (Trust)	8.63
Collection Practices Act Trust (Trust)	8.63
Community and Occupational Health - General (Trust)	8.59
Consolidated Cash Investment Trust Fund (Trust)	8.55
Consumer and Corporate Affairs - General (Trust)	8.59
Correctional Institutions Trust Accounts (Trust)	8.63

HABETICAL INDEX

	Page
Reinsurance Fund of Alberta	4.77
ire - Contract Holdbacks (Trust)	8.59
ire - C.O. Nickle Donation (Trust)	8.59
ire Revolving Fund	3.3
ors Assistance Trust (Trust)	8.63
osits for Specifications (Trust)	8.59
conomic Development and Trade - Contract Holdbacks (Trust)	8.59
onton Area Hospital Advisory Council Fund	6.11
ation Revolving Fund	3.8
layment Standards - Securities Trust (Trust)	8.59
gy - General (Trust)	8.59
gy Resources Conservation Board	5.101
ronment - Contract Holdbacks (Trust)	8.59
ronment Council of Alberta	5.98
ronment - General (Trust)	8.59
8 '86 Student Travel Trust Fund (Trust)	8.63
Credit Stability Fund	4.60
ral French Language Grants Fund (Trust)	8.63
and Wildlife Trust Fund	4.77
Hatchery Trust (Trust)	8.59
st Development Research Trust Fund	4.11
stry, Lands and Wildlife - General (Trust)	8.59
stry, Lands and Wildlife Revolving Fund	3.15
sts Act - Securities Trust (Trust)	8.59
Dunvegan Historical Society Trust Fund (Trust)	8.63
Alberta Operating Fund	3.31
eral Revenue Fund	2.2
eral Trust Account (Trust)	8.59
bow-Alberta Institute	5.53
ernment House Foundation, The	5.60
th Care Insurance Fund	4.14
estead Lease Loan Fund	4.77
ed Cattle Purchases Act Trust Account, The	4.3
overnment Districts' Trust Account (Trust)	8.20
trial Wages - Securities Trust (Trust)	8.59
ance Companies Trust (Trust)	8.63
national Youth Year - 1985 Trust Fund (Trust)	8.63
ation Land Manager	5.26
Joseph Collett Memorial Scholarship Fund (Trust)	8.63
I Purchase Fund	3.40
I Titles Offices (Trust)	8.63
stock Patrons' Assurance Fund	4.77
g Term Disability Benefit Fund (Trust)	8.63
g Term Disability Benefit Fund - Bargaining Unit (Trust)	8.63
tenance Enforcement Trust (Trust)	8.63
s Population Betterment Trust Account (Trust)	8.31
s Settlement Associations Grants Administration Fund (Trust)	8.63
s Settlements Trust Fund (Trust)	8.34
red Rowe Weston Estate Trust (Trust)	8.63
es and Minerals Act - Securities Trust (Trust)	8.59
ggage Brokers Regulation (Trust)	8.63
on Picture Development Fund	4.77
or Vehicle Accident Claims Fund	4.21
icipal Affairs - General (Trust)	8.59
icipal Affairs - Suspense (Trust)	8.59
onal Tripartite Price Stabilization Program Trust Account (Trust)	8.63

	Page
Natural Gas Pricing Agreement Act Fund	5.83
Natural Gas Pricing Agreement Market Development Fund	5.86
Natural Gas Rebates Fund	4.77
New Canadian Encyclopedia Publishing Ltd. Trust Fund (Trust)	8.63
Oil and Gas Conservation Act - Securities Trust (Trust)	8.59
Orderly Payment of Debts (Trust)	8.63
Payroll Deductions Trust (Trust)	8.63
Pennington Memorial Scholarship Fund (Trust)	8.63
Pension Fund	4.65
Personnel Administration Office (Trust)	8.59
Personnel Administration Revolving Fund	3.19
Province of Alberta	1.2
Provincial Sinking Fund	2.14
Public Trustee (Trust)	8.6
Public Works, Supply and Services - Contract Holdbacks (Trust)	8.59
Public Works, Supply and Services Revolving Fund	3.22
Recreation and Parks - General (Trust)	8.59
Recreation and Parks Revolving Fund	3.28
Recreation, Parks and Wildlife Foundation, The	5.134
Registrar's Assurance Fund	4.77
Rural Electrification Revolving Fund	4.24
A. L. Sifton Estate (Trust)	8.63
School for the Deaf Donations (Trust)	8.63
School for the Deaf Pupils Trust (Trust)	8.63
School Foundation Program Fund	4.5
Securities Act Trust (Trust)	8.63
Security Deposits Trust Fund (Trust)	8.63
Small Business Term Assistance Fund	4.71
Social Services - General (Trust)	8.59
Special Areas Trust Account (Trust)	8.37
Stray Animals Act Fund	4.77
Students Finance Board	6.3
Students Loan Fund	4.77
Surface Reclamation Fund (Trust)	8.18
Take-or-pay Costs Sharing Fund	5.89
Tax Recovery Trust (Trust)	8.59
Teachers' Retirement Fund (Trust)	8.10
Thomas Caryk Memorial Scholarship Fund (Trust)	8.63
Tourism - General (Trust)	8.59
Trade Show and Conference Account (Trust)	8.59
Transportation and Utilities - Contract Holdbacks (Trust)	8.59
Transportation and Utilities - Land Purchase Holdback Trust (Trust)	8.59
Transportation Revolving Fund	3.35
Treasury Branches Deposits Fund	7.44
Treasury - General (Trust)	8.59
Treasury Revolving Fund	3.43
Ultimate Heir Trust Fund "A" (Trust)	8.63
Ultimate Heir Trust Fund "B" (Trust)	8.63
Utility Companies Income Tax Rebates Fund	4.77
Various Courts and Sheriffs' Offices (Trust)	8.63
Various Institutions Trust Accounts (Trust)	8.63
Water Resources Revolving Fund	3.12
Wheat Board Money Trust Account (Trust)	8.3
Wild Rose Foundation, The	5.107
Workers' Compensation Board, The	7.13
4-H Trust Account (Trust)	8.59
1987 Western Canada Games Trust Fund (Trust)	8.63

